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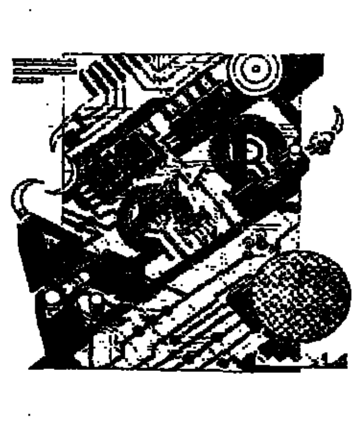


FINANCIAL TIMES

Tuesday June 23 1992 | EUROPE'S BUSINESS NEWSPAPER | D8523A

De Klerk flies in as ANC calls crisis meeting

South African president F.W. de Klerk announced yesterday he would cut short a visit to Spain and return in time to chair a cabinet meeting tomorrow which will address the country's political turmoil.

Mr de Klerk's move follows a decision by the African National Congress, which on Sunday cut off bilateral talks with the government, to convene an emergency national executive committee meeting today. Page 18 and Lex; Editorial Comment, Page 16; World stocks, Page 40

Maastricht votes: France will take a decisive stride towards ratifying the Maastricht treaty on European union today, when it completes the requisite revision of the French constitution in National Assembly and Senate votes. Page 18; UK Labour party faces internal splits on Maastricht, Page 8

Italian banks raise rates: Several Italian commercial banks raised their prime rate from 13.5 to 14 per cent in reaction to a series of increases in short-term money rates by the Bank of Italy last week. Page 18; Government bonds, Page 24; World stocks, Page 40

Uruguay Round: A political initiative by European leaders will be needed at the Lisbon summit this week if the Uruguay Round of world trade talks is to avoid collapse, negotiators in Brussels and Geneva said. Page 3

Bull boss rejected: The French government has refused an attempt by Bull chairman Francis Lorentz to gain a second term as head of the loss-making state-owned computer maker. Page 19

Julie Ward assessment: Two Kenyan game rangers accused of murdering British tourist Julie Ward were not guilty and three other suspects should have been charged with her killing, according to three assessors in Nairobi High Court. Their findings are not binding on the judge, who will deliver a verdict on Monday.

Chemical weapons ban: An international treaty outlawing chemical weapons is virtually certain to be completed this summer, after negotiations lasting more than 20 years. Page 4

New Spanish foreign minister: Javier Solana, 49, minister for education and science since 1988, is to replace Francisco Fernández Ordoñez as Spain's foreign minister. Page 2

Four in court over infected blood: Four public health officials went on trial in Paris, charged with allowing the distribution of HIV-infected blood. About 1,300 haemophiliacs were infected, including 256 who died. Page 2

Likud trails in Israeli opinion polls:

The opposition Labour party is comfortably ahead of the ruling Likud, according to final opinion polls for today's Israeli general election. Soldiers on active duty started voting yesterday. Page 4

Chipmaking link-up: IBM, US computer maker, and Toshiba, Japanese electronics group, plan to join forces in developing a new generation of microchips – flash memory devices, a type of chip which could eventually replace hard disc memories in computers. Page 3

Murdoch has limits: Fox Television president Stephen Chao has quit the Los Angeles based network, reportedly sacked by owner Rupert Murdoch for hiring a male model to strip at a company management conference. "Sometimes the hardest job a captain has is to terminate his best lieutenant," Murdoch is reported as saying. "But one thing this company has to stand for is that there are limits." Observer, Page 17

Total offer: The French government has set a price of FFr230 ($43.23) per share on the 12.4 per cent stake in oil company Total that it is selling to the public.

Nestlé, Swiss food manufacturer, said it intended to pay HK$1.5bn (US$194m) for 51 per cent of the manufacturing assets in Hong Kong and southern China of Dairy Farm International, Hong Kong-based food retailer. Page 19

Time Warner said Batman Returns, sequel to the 1989 film, set a Hollywood record in its first weekend with gross box office receipts of $44.6m.

Soccer: Denmark defeated the Netherlands 7-6 after a penalty shoot-out to qualify to play *Germany in the final of* the European championships.

STOCK MARKET INDICES

FT-SE 100	2,550.3	(-34.5)
Yield	4.80	
FT-SE Eurotrack 100	1,149.77	(-4.89)
FT-A All-Share	1,232.87	(-1.2%)
FT-A World Index	N/A	
Nikkei	15,921.22	(-598.65)
New York:		
Dow Jones Ind Ave	3,280.8	(-4.55)
S&P Composite	403.4	(-0.27)

US CLOSING RATES

Federal Funds	3½%	(3⅝%)
3-mo Treas Bills: Yld	3.713%	(3.714%)
Long Bond	101½	(101 3/32)
Yield	7.835%	(7.827%)

LONDON MONEY

3-mo Interbank	10 1/16%	(same)
Life long gilt future:	Sep 97½	(Sep 97 23/32)

NORTH SEA OIL (Argus)

Brent 15-day (Aug)	$20.875	(21.05)

Gold

New York Comex (June)	$343.7	(342.4)
London	$342.60	(343.55)

STERLING

New York:		
$	1.86235	(1.8585)
London:		
$	1.8615	(1.8595)
DM	2.915	(2.92)
FFr	9.815	(9.8325)
SFr	2.635	(2.6325)
Y	236.5	(236.0)
£ Index	93.8	(same)

DOLLAR

New York:		
DM	1.566	(1.57425)
FFr	5.2725	(5.2985)
SFr	1.41535	(1.42)
Y	127.865	(127.03)
London:		
DM	1.566	(1.57)
FFr	5.2725	(5.2875)
SFr	1.415	(1.416)
Y	127.85	(126.95)
$ Index	62.2	(same)

Tokyo close Y 127.47

Austria	Sch30	Hungary	Ft162	Malta	Lm0.50	S.Arabia	SR9.00
Bahrain	Din1.000	Iceland	IKr160	Morocco	MDh11	Singapore	S$4.10
Belgium	BFr60	India	Rs20	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3 00
Denmark	DKr14	Italy	L2500	Oman	OR1.20	Thailand	Bht50
Egypt	E£4.00	Jordan	JD1.20	Pakistan	Rs35	Tunisia	Din1.000
Finland	FM10	Korea	Won 2500	Philippines	Pso45	Turkey	L6000
France	FFr8.50	Kuwait	Fils.500	Poland	Zl 18,000	UAE	Dh9.00
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es190		
Greece	Dr250	Lux	LFr60	Qatar	QR10 00		

Third attempt to liberalise industry should lead to big cuts in fares

EC to lift curbs on airlines

By David Gardner in Luxembourg and David Owen in London

AIRLINES WILL come under growing pressure to cut air fares within Europe after transport ministers last night agreed on a radical "open skies" programme which removes government restrictions on air travel within the community.

Under the agreement, airlines will be allowed to set air fares at whatever level they want from next year, injecting greater competition into the market as all EC airlines gain access to routes dominated by national flag carriers. Earlier, more modest, packages, introduced in 1987 and 1990, failed to cut air fares. The European Commission hopes this "Third Aviation Package" will succeed where the others failed.

EC Transport Commissioner Karel Van Miert predicted last night: "This package should now lead to lower air fares."

Final agreement was delayed until last-minute differences over the pace of improving market access were sorted out. France and the southern EC member states wanted a longer transition period while the air transport liberals – the UK, Netherlands, Ireland and Denmark – wanted a faster move to a free market.

The freedom to set air tariffs will be limited by safeguards against "predatory pricing", by which large carriers take temporary losses through unrealistic price cuts designed to force out smaller competitors.

Market access will include, from next year, the right of EC-registered airlines to so-called "seventh freedom" and what are known as "consecutive cabotage" flights within the Community.

Seventh freedom rights will, for example, allow British Airways, to compete on a route between two countries which begins in, say, Paris and ends in Berlin. At present they are obliged to start or end at a British airport.

"Consecutive cabotage" means BA could offer services within one country, for instance between Paris and Marseilles or Berlin and Frankfurt, provided the flight originated in the UK. Ministers agreed on a transition period of four years and three months for untramelled cabotage – the right to ply any other member state's internal routes without conditions.

A final element in the third package sets common air licensing rules – governing technical fitness and capital adequacy – intended to facilitate new airlines entering the industry. Current national licensing systems tend to reinforce national monopolies.

The Commission's highly contested proposals to loosen flag carriers' hold on landing and take-off slots at hub airports are being kept out of the package for later negotiation. Brussels wants all vacant or unused slots to be pooled, with at least half being made available to independent, low-cost carriers. The Commission is also keeping separate its suggestion that Brussels should negotiate access into the EC for foreign carriers.

BMW to build US car plant in South Carolina

By Andrew Fisher in Frankfurt

BMW is poised to become the first German luxury carmaker to build a full-scale production plant in another country, with plans for a new site in the US state of South Carolina to be announced by the company today.

It will also be the only German car producer with a US plant, since Volkswagen closed its loss-making facility in Pennsylvania four years ago. Like other German companies, BMW has suffered in recent years from falling US sales because of the recession and the weakness of the dollar.

But BMW's US business has picked up sharply in 1992 as the economy there has begun to revive and it has introduced new models. In the first five months, BMW's sales in the US rose by 24 per cent to nearly 25,000 cars.

BMW said Mr Eberhard von Kuenheim , the chief executive, would announce the new plant at a press conference in Munich, though it gave no details. However, BMW's US subsidiary said it was holding a press conference in the Greenville/Spartanburg area of South Carolina where the new plant is expected to be built.

The company confirmed in April that it had looked at sites in the US. The US plant will probably cost around DM1bn ($637m), with output likely to start around 1996. South Carolina is believed to have assembled a package of incentives worth at least $35m. This would include the purchase of the land to be leased to BMW for its greenfield site and road improvements.

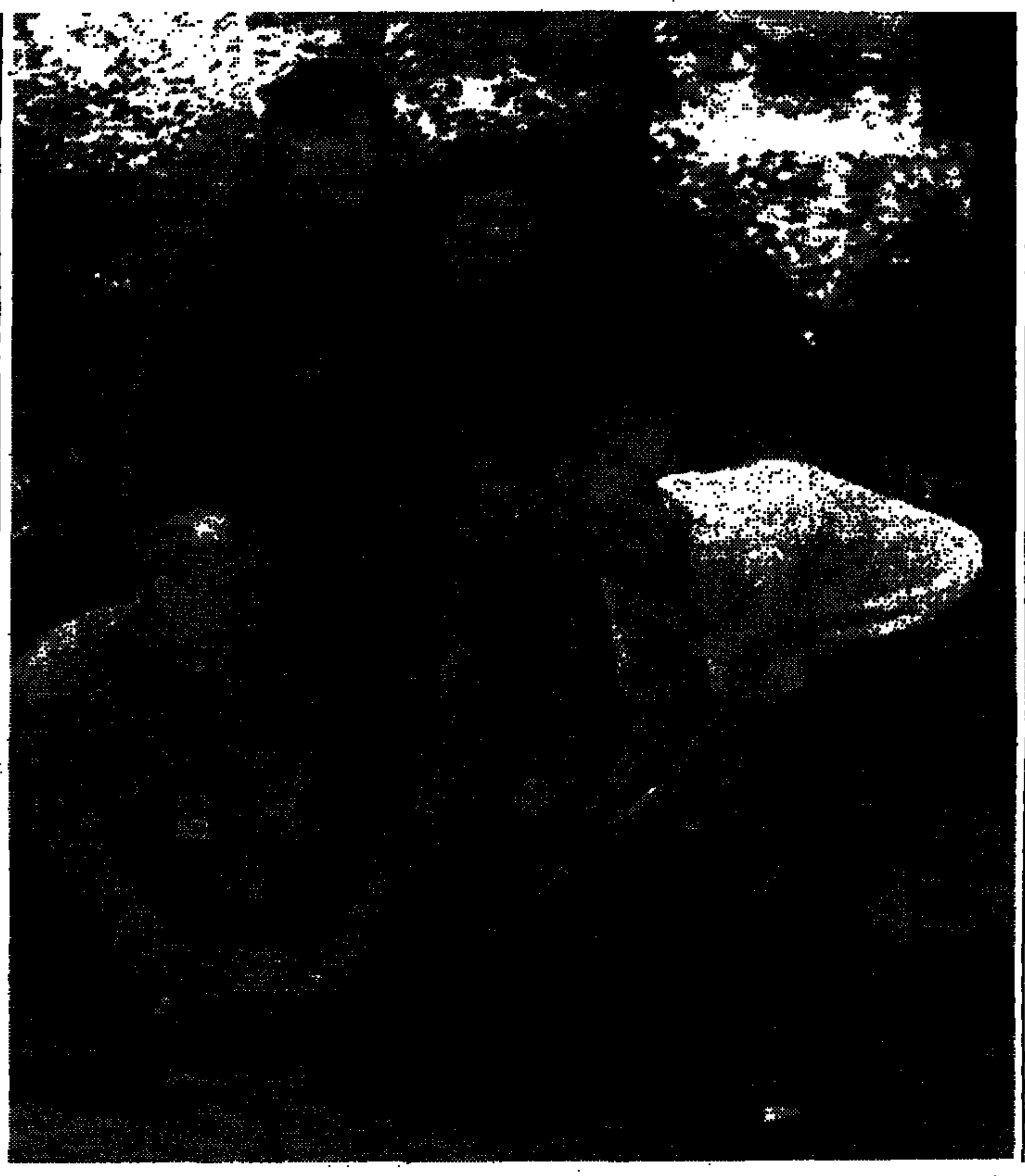
BMW, which expects a further profit rise this year after the 12.5 per cent increase in 1991 earnings to DM783m, is not the only German company to consider a plant in the US, although its plans are the most advanced. Audi, the upmarket subsidiary of VW, has considered sites in the US, Canada and Mexico. VW now serves the US mainly from its modernised low-cost Mexican plant.

As well as recession in the US and the slide in the dollar's value since the mid-1980s, German car manufacturers have had to contend with a new luxury tax on products above $30,000. Also, there has been a rising number of Japanese models made in US "transplant" sites. The Japanese are now competing in the luxury segment served by BMW, Mercedes-Benz and Audi, as well as in the volume car market.

Mr Ferdinand Piëch, the head of Audi who takes over as the VW group's chief executive next year, has said Audi has brought its US prices "near to the pain threshold" to compete with the Japanese there.

Although BMW has no full production plant outside Germany, it builds engines in Austria and sends parts for small-scale assembly in south-east Asia and South America. Like Mercedes, it has a plant in South Africa.

Lean and mean, Page 16



A wounded civilian is helped after the Serbian mortar attack on the centre of Sarajevo which killed eight people and injured at least 100

Iceland eyes power link with Europe

By Haig Simonian in Milan

THE DEEP and murky waters north of Scotland could be set for a new buzz if a feasibility study to transmit electricity underwater from Iceland to the UK turns into reality.

The National Power Company of Iceland has commissioned Pirelli Cables, the UK subsidiary of the Italian cables and tyres group, to look into the possibility of laying an undersea power link to Britain. The 1,000 kilometre cable would be almost five times longer than any existing underwater power link.

Lying at depths of up to 1,000 metres, it would pose a new technological challenge to the cable-laying industry, including working in some of the world's coldest and most dangerous waters.

Moreover, transmitting electricity over such a distance would also involve huge energy losses, making the scheme potentially uneconomic. "That is one of the things we will have to study", Pirelli said yesterday.

The scheme may have been given a boost by the end of the Cold war. The waters north of Scotland are plied by the submarine fleets of Nato and the former Soviet Union. The seabed in the region is believed to contain many sophisticated listening devices, which could be disturbed by the proximity of heavy electric transmissions.

Iceland has immense capacity to generate power through hydroelectricity. However, its potential has so far been largely untapped as a result of its small population and limited industrialisation.

Current consumption of electricity from hydroelectric sources is just 6bn kilowatt hours a year, against an estimated capacity five times as high.

The UK, which already imports some electricity from France through cables beneath the Channel, is expected to have a surplus by next century as more generating capacity is developed.

But the UK could represent just the beach-head for a series of further cables taking Icelandic electricity to continental Europe.

With growing concern about nuclear power and the environmental damage of many coal-burning power stations, hydroelectric energy generated from Iceland's prodigious mountains and streams could find a ready market in an increasingly "green" Europe.

Eight die as mortars rain on Sarajevo

By Laura Silber in Belgrade

SERB MILITIA forces showered mortar bombs on central Sarajevo yesterday, killing eight people, including three children, and wounding at least 100, many critically.

According to Sarajevo Radio, three mortar bombs exploded in front of the National Bank in the city centre, where people were queueing to collect their pay. The streets were unusually crowded as people came out of shelters for the first time in days during a lull in the fighting.

Bodies were laid out in hospital corridors and trails of blood smeared ramps leading into emergency wards at three hospitals, witnesses said. Reporters on the scene said the death toll could rise because many victims were in a critical condition.

Serb forces launched a similar attack on a bread queue last month, killing 16 people and maiming dozens more. Serb leaders from Bosnia yesterday again denied responsibility for the attack.

Mr Mirsad Beclrovic, an editor

Continued on Page 18

Japanese stock market plunges

By Stefan Wagstyl and Emiko Terazono in Tokyo

JAPANESE shares plunged yesterday as investors lost faith in the government's willingness to act quickly to stimulate the country's flagging economy.

The Nikkei average of leading stocks fell 598.65 to 15,921.22, the first time it has finished below 16,000 since October 1986.

With the bear market plumbing new depths, stockbrokers yesterday were unable to forecast how much further stocks might fall. Mr Jason James, an analyst at James Capel, the UK-based securities company, said: "There are chances that the 15,000 level for the Nikkei will hold. But, on the other hand, there really isn't a reason why it should."

Mr Tatsuhiko Kusuzawa, a senior managing director at Yamaichi Securities, one of the leading Japanese brokers, said: "The private sector cannot do anything. Everything now depends on what kind of fiscal and monetary boost the authorities can implement."

The government gave no clear indication of its plans, undermining the impression given last Friday that ruling Liberal Democratic party officials were forcing the cautious Ministry of Finance into advancing plans for increased government spending.

Mr Kiichi Miyazawa, the prime minister, said at a press conference marking the end of a session of the Diet that the economy was now the Japanese people's main concern. However, he made no specific commitments to take action to stimulate the economy.

Mr Tsutomu Hata, the finance minister, ruled out action to resuscitate the stock market through immediate measures, such as increases in public works spending.

However, behind the scenes LDP officials are lobbying with increasing intensity for an extra spending package of up to Y5,000bn ($39.4bn) to Y8,000bn.

The stock market's fall below 16,000 has cut into the value of securities holdings of big financial institutions, including banks

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CONTENTS

Russia caught in republics' conflict

By John Lloyd in Moscow and Dmitri Volkov in Vladikavkaz, North Ossetia

RUSSIA was yesterday dragged further into conflict with other former Soviet republics, as the violence round the edges of what had been a monolithic Soviet Union deepened and intensified.

Mr Mircea Snegur, the Moldovan president, said his parliament must "declare war" on Russia, which he accused of directing the 14th Russian Army, based in the Trans-Dnestr breakaway "republic" within Moldova, against Moldovan forces.

Reports yesterday from the TransDnestr city of Bendery, which twice changed hands between Moldovan and Trans-Dnestr forces over the weekend, said TransDnestr guards still commanded the centre of the town.

However, the Interfax news agency reported last night that tanks and armoured vehicles were being moved up to Bendery from Moldovan bases, and that MiG-29 fighter aircraft which had been handed over to the Moldovans when the Soviet military pulled out were being readied for bombing raids on the breakaway region.

Meanwhile, leaders of the South Ossetian region being besieged by the military forces of Georgia, of which it is a part, said their only salvation was in union with Russia.

Russia's parliamentarians view such a request sympathetically, but it would put Georgia in direct conflict with Russia.

The South Ossetian leaders, talking to journalists in Vladikavkaz, the Caucasus city which is the capital of North Ossetia – an autonomous republic within Russia – said all possibility of a compromise with Georgia was over.

Mr Alan Chachiyev, deputy speaker of the South Ossetian parliament, said: "The only chance we see is to join with North Ossetia in the Russian Federation."

Mr Akhsardek Galazov, the South Ossetian parliament's leader, said that if Russia did not defend his people, volunteers would be gathered in North Ossetia and sent down to fight the Georgians – "and who knows where that will end?"

At stake in these conflicts is the future allegiance of Russian, or pro-Russian, minorities in regions under attack by forces of the countries in which they live.

If Russia takes up arms in their defence - as both Mr Snegur and Mr Eduard Shevardnadze, the Georgian leader, have accused it of doing already – it opens the door for a host of other such actions, from the Baltics to Central Asia.

Russian President Boris Yeltsin yesterday confirmed General Alexander Rutskoi, the vice-president, as the man in charge of these conflict areas, an apparent sign of presidential approval of Gen Rutskoi's uncompromising defence of the TransDnestrians and South Ossetians at the weekend, and of his promise to assist them with Russian arms.

However, Gen Rutskoi's statements were roundly condemned by Mr Shevardnadze and Mr Snegur yesterday as a "declaration of war".

A barricade erected by protesting French farmers yesterday in the northern town of Arras

Paris blockade threatened

A SPLINTER group of protesting French farmers, Coordination Rurale (CR), yesterday pledged to go ahead with its blockade of Paris from the early hours of this morning, despite government warnings, writes William Dawkins in Paris.

The group, formed late last year in protest against the growing moderation of the main farmers' unions, plans to set up around 20 tractor road blocks at strategic points between 30km and 50km from the centre of the capital. They are angry at last month's European Community agreement to reform agriculture policy by cutting prices and compensating farmers with direct aid.

Mr Jacques Laigneau, the CR's president, said the roadblocks would stay until the farm reforms were withdrawn or until the organisation judged it opportune.

The signs are that the disruption will be limited, since the CR is in no mood to confront the police after a warning by Mr Paul Quilès, the interior minister, that the demonstration will not be permitted to impede traffic. Mr Raymond Girardi, a CR leader, said yesterday that the organisation had ordered demonstrators to avoid violence.

The main farming union, the FNSEA, is also unhappy with EC reforms, but accepts that they cannot be abandoned and so prefers to negotiate.

Versailles relives old days

By Ian Davidson in Paris

TODAY'S joint sitting of the two French houses of parliament for the Maastricht vote, in the parliamentary chamber of the palace of Versailles, is a rare event under the Fifth Republic which is now only staged for the purpose of amending the constitution.

Since the Republic was founded in 1958, there have been only three previous parliamentary sessions in Versailles; but all of these so-called congresses were held to introduce technical reforms of the constitution, minor affairs compared with today's heavily loaded session.

In 1963 the congress adjusted the dates of the annual sittings of parliament; in 1974 it allowed parliamentarians to appeal to the constitutional council; in 1976 it adjusted the rules for a presidential election, to cover the death of a candidate during the campaign.

A much more important reform, to reduce the presidential term from seven to five years, was launched by President Pompidou in 1973.

But after it had passed the national assembly and the senate, he allowed it to lapse, because he did not think he could secure the necessary three-fifths majority in the congress.

By contrast, the most important constitutional reform of the Fifth Republic, the direct election to the presidency, was introduced by General de Gaulle in 1962, through a popular referendum.

In the late 19th century, however, the Palace of Versailles was for a brief period the regular seat of the French parliament. After the defeat of France in the Franco-Prussian War of 1871, and the outbreak of the Paris Commune, the French government and parliament retreated to Versailles.

At first the parliament met in the Versailles opera house, but in 1875 they built a new assembly chamber in the Southern or Princes' wing of the palace.

After that the parliament met regularly there from 1875 until 1879, when it moved back to the Palais Bourbon in the centre of Paris.

But the Versailles chamber remained in use during the Third Republic for the parliamentary election of the president, and it continued to do so in the Fourth Republic after the Second World War for the election of Presidents Vincent Auriol (1947) and René Coty (1954).

French HIV blood trial opens

By William Dawkins in Paris

FOUR senior French public health officials went on trial yesterday facing charges of allowing the distribution of blood infected with HIV, as a result of which 256 haemophiliacs have died of Aids during the past seven years.

The trial, expected to produce a judgment in October, was triggered by complaints from haemophiliacs and bereaved parents. It could embarrass the government, since the alleged offences took place in 1985, under the first Socialist administration.

Around 1,300 haemophiliacs, including those who died from the mistake, were infected, nearly 45 per cent of all haemophiliacs in France. Mrs Georgina Dufoix, social affairs minister at the time – who has not been charged – has admitted to being "deeply responsible but not guilty".

This is the biggest recorded disaster in French medical history and has sparked off a complete reorganisation of blood distribution in France.

So far, the government and insurance companies have paid FFr200m (£20.3m) in compensation to victims, but this is only a small fraction of the total expected bill. The allegedly contaminated blood was distributed by the CNTS national blood transfusion centre, which has a monopoly on blood supplies.

According to the prosecution, the four men allowed the blood to be distributed, knowing that it was infected and that it could have been made safe by a heat process already in use in the US, Britain and Germany. A government report published last year suggests they were awaiting the development of a rival French process. Two of the defendants, Dr Michel Garretta, former director of the transfusion centre, and Dr Jean-Pierre Allain, head of research and development there, are charged with deception over the qualities of the blood they sold, for which they could be jailed for up to four years.

The others, Prof Jacques Roux, the government's former director general for health, and Dr Robert Netter, former director of the national health laboratory, are accused of failing to help people in danger, which carries a sentence of up to five years. Mr Garretta has argued on television that he and his colleagues are being made scapegoats and that the government should widen the investigation.

Ex-minister Edouard Balladur expresses caution

Minimalist view of Euro-union

By David Marsh and Ian Davidson

MR Edouard Balladur, the former French finance minister, leans against the mantelpiece in his Parisian office and ponders the Maastricht Treaty on European union.

More than a soupçon of scepticism hangs on the lips of the man who, if the right wins next spring's legislative elections, is tipped by many to become France's next prime minister.

A technocratic stalwart of France's Gaullist RPR opposition party, Mr Balladur has argued for the treaty's adoption, but he takes a disdainfully minimalist view of its impact.

"I don't think that things will happen in the way described by the treaty. But we will apply the treaty – we will respect our promises."

Even if the treaty surmounts its ratification hurdles, and the EC succeeds in patching up the problems caused by the Danish rejection, Mr Balladur says that European monetary union – planned to take place by 1999 at the latest – is by no means certain.

Whatever the language of the treaty, which talks of an "irreversible" commitment to a single currency run by a European central bank, Mr Balladur emphasises that national parliaments will still have the final say.

"It is said that the process is irreversible. But the countries will have to decide by unanimous voting on the rates of exchange for their currencies against the single currency which will replace them.

"If this can only be decided unanimously, then the process cannot be irreversible," he said.

During his period as finance minister between 1986 and 1988, Mr Balladur pressed the cause of a joint European central bank. As officials at the Bundesbank have long realised – and Mr Balladur himself now admits – this was all part of a long-running French policy aimed at curbing the power of the German central bank. Maastricht brought the French dream of Emu – European monetary union – within reach.

But Mr Balladur says the monetary union aspects of the treaty would reduce the importance of the Bundesbank far less than many Maastricht advocates hope.

"It is said that this is a method of constraining the Bundesbank.

"I have looked at the treaty. Decisions by the European central bank will be taken by majority voting on the bank's council [on which all national central banks will have seats].

"I don't believe that the others will vote against the Bundesbank and put it into a minority position."

Partly reflecting improved bilateral links between French and German ministers and central banks, which Mr Balladur helped establish in 1987-88, Franco-German monetary co-operation has been intensified during the last five years. The experience has not, however, made Mr Balladur more responsive to German views. He complains vigorously about the German government's refusal to accept the name "Ecu" (European Currency Unit) for the planned single European currency.

"I think that the discussion [in Germany] is infantile. I don't see why one should change the name under a German pretext.

"It's a French word corresponding to an English acronym. I don't want to put the name into question," her said.

Mr Balladur reacts acerbically to German insistence that the European central bank should be located in Frankfurt to compensate the Germans for the loss of the D-Mark. "I don't want the European central bank to be in Frankfurt. If we look at the question like this, then why shouldn't it be in France?"

Additionally, Mr Balladur complains that the cost of German reunification is helping to push up interest rates throughout the whole of Europe. "If the Germans had reduced their budgetary spending or raised their taxes rather than increasing their indebtedness, German interest rates would be lower than they are today. They made a political choice in order to disturb German public opinion as little as possible."

Mr Balladur also doles out criticism towards other EC countries.

By opting for the direct Maastricht route towards Emu, Mr Balladur believes that the EC has taken the wrong course.

Europe would have been better served, Mr Balladur says, by agreeing to proceed towards Emu "on an experimental basis".

This would have involved a European central bank issuing the Ecu in parallel to and in competition with national EC currencies, leaving national central banks with their powers intact.

This is similar to the course of action favoured by Britain in its celebrated "hard Ecu" proposals put forward in 1990. With the archness of a man accustomed to handing out advice, Mr Balladur claims credit as one of the sponsors of the "hard Ecu" idea, which he says he suggested to Mr John Major when the latter was Britain's chancellor of the exchequer.

If Mr Balladur does, after all, make it to the French prime minister's office next year, he and Mr Major may find they have time to exchange views on matters running well beyond the Ecu.

Edouard Balladur: tipped as a future French premier

Spain names new foreign minister

MR Javier Solana was named as Spain's new foreign minister yesterday, taking over from Mr Francisco Fernández Ordoñez, who stepped down because of ill-health, Reuter reports from Madrid.

Mr Solana, 49, a former physics professor who is considered a close associate of the prime minister, Mr Felipe González, had been education and science minister since 1988.

He takes over foreign affairs only days before a European Community summit in Lisbon, amid uncertainty over plans for EC political and economic union in the wake of Denmark's rejection of the Maastricht treaty.

Spain is spearheading a drive by poorer EC nations for a large slice of EC funds to help bring their economies into line with those of their richer northern neighbours.

Mr Fernández Ordoñez, who was foreign minister for seven years, cancelled all engagements at the beginning of this month and is receiving medical treatment at home.

Moscow signals retreat on credits

By John Lloyd

MR Yegor Gaidar, the Russian prime minister, yesterday appeared to signal a further retreat by the government in the face of industrial pressure for credits to alleviate its vast debt problem.

Mr Gaidar, whose new title has not yet been confirmed by the parliament, was quoted by Reuters news agency as saying that Rbs500bn would be granted over six months to help enterprises cope with a Rbs2trillion debt.

This would appear to increase by Rbs300bn the Rbs200bn aid promised just before the Congress of People's Deputies in April, but not yet disbursed. There are no details on the interest rates at which the credits would be offered, nor to whom.

Mr Gaidar was quoted as saying that "there is reason to believe that they (the credits) will not provoke hyperinflation or seriously worsen the financial situation".

However, the move fitted the recent drift of the government away from radical reform to a much closer accommodation with the industrial lobby, on which it now relies for its support. The industrial lobby, in turn, is naming as its price more credits and controlled energy prices.

The move also comes as the International Monetary Fund team completes talks with government ministers and officials, with no sign of an accord on the government programme which would release the funds of $24bn. Mr Kiichi Miyazawa, the Japanese prime minister, said yesterday in Tokyo that if Russia insisted on looser conditions and quicker provision of aid, "neither we nor the IMF shall be able to prepare a full-fledged aid agreement".

Figures on the economy, released yesterday by the Interfax news agency, showed that Russian industrial output was down 13.2 per cent in the first five months of 1992 compared with the same period in 1991. Oil extraction, the most critical indicator, was 189m tonnes from January to May, 13 per cent down on 1991.

Optimism on German growth

By Quentin Peel in Bonn

THE Bundesbank and the Economics Ministry yesterday issued cautiously optimistic forecasts for growth in the second half of the year, in spite of the uncertain outlook for exports in the world market.

Mr Helmut Schlesinger, president of the Bundesbank, forecast overall growth of gross national product, for the united Germany, of between 2.0 and 2.5 per cent – up from earlier forecasts of just 2.0 per cent growth.

"I do not see any sign of slipping back into recession," he said in a speech to the German-Greek chamber of commerce in Athens. But he expressed continuing concern over the rate of inflation, still "well over 4 per cent", and insisted that the time had not come for "an all-clear signal on the monetary policy front".

In Bonn, Mr Jürgen Möllemann, the economics minister, also predicted a "gradual improvement" in growth prospects for the west German economy in the rest of the year. "The German economy is proving itself robust, in spite of the unstable international environment," Mr Möllemann said in a commentary on the monthly report of his ministry.

Growth of GNP in western Germany in the first quarter reached a real 3.1 per cent compared with the same quarter of 1991, while gross domestic product – excluding the earnings of workers commuting from eastern Germany – was up by just 1.8 per cent.

The figures, or rather lack of figures, for the eastern German economy give a much less clear picture. Mr Möllemann admitted that there were big differences from sector to sector and region to region.

The only areas of clear growth in east Germany are the construction industry and some service sectors, while "in manufacturing industry the structural adjustment process is still in full swing," he said.

Brussels rules in baby nappies row

THE European Commission has stopped Finaf of Italy and Procter & Gamble of the US from taking a dominant position in the lucrative EC market in baby nappies, writes Andrew Hill in Brussels.

The two companies will be allowed to create joint ventures in Portugal, Italy and Spain to exploit the market in sanitary protection products.

But at the insistence of the Commission, Finaf has said it will withdraw its baby nappy activities from the deal and sell them. The bargain struck between Brussels and the two companies should finally end the Commission's long-running investigation, which began in November 1990.

Brussels cleared the deal last October on condition that minor changes were made. That decision dismayed the two companies' EC competitors and consumer groups which complained to the Commission that the joint ventures would still give Procter & Gamble and Finaf more than 50 per cent of the growing EC baby nappies market. Two months ago, the Commission announced it had changed its mind.

Germany delays European fighter decision for week

By Quentin Peel in Bonn

THE increasingly confused debate in Germany over the future of the European Fighter Aircraft was thrown into fresh turbulence yesterday when the parliamentary leaders of the Christian Democrats (CDU) and Christian Social Union (CSU) agreed to postpone a decision by one week.

The move was reported to have been made at the request of Chancellor Helmut Kohl, under pressure from his fellow leaders in Britain, Italy and Spain to keep a German foothold in the multinational project.

The debate over the EFA, known in Germany as the Jäger-90, has split the ruling coalition, and Mr Kohl is clearly struggling to find a solution which will satisfy both his own CDU and the Bavaria-based CSU.

Mr Volker Rühe, the defence minister, is now publicly in favour of pulling out of the £21bn ($39bn) project, while Mr Theo Waigel, the CSU leader and finance minister, is ironically campaigning to preserve it – not least to protect the military aerospace industry in Bavaria.

A report in the conservative newspaper Die Welt yesterday said that Mr Kohl and Mr Wolfgang Schäuble, the floor leader of the CDU in the Bundestag, had decided to withdraw their support for Mr Rühe in the stormy debate.

Mr Schäuble had been convinced by the defence establishment's arguments in favour of the aircraft, while Mr Kohl was anxious not to offend Britain, Italy and Spain, the newspaper said.

Public opinion in Germany remains overwhelmingly hostile to the Jäger-90, seen as a symbol of extravagant defence spending in the post-Cold War era.

Defence experts argue that it is the only aircraft capable of meeting the requirements of the Luftwaffe past the year 2000, and that any less well-adapted alternative would anyway be quite as expensive in the long run.

A decision on the aircraft needs to be made for the draft 1993 budget, in order to allocate DM100m (£34.2m) for tooling up for production.

One compromise proposal is to leave a line in the budget which must be presented on July 1, without allocating any funds to the project. This would effectively postpone any decision until next year.

State plans to take over Serb economy

By Judy Dempsey in Belgrade

THE Serbian government will introduce measures aimed at bringing most sectors of the economy directly under state control if the United Nations-imposed sanctions last longer than a month, factory managers said yesterday.

The measures are part of a package designed to forestall any workers' unrest, particularly in the textile industry, the most successful export sector, which accounts for 12 per cent of Serbia's total GDP.

They were drawn up by Mr Radoman Bosovic, Serbia's prime minister, in the light of the growing concern among the textile industry that the sanctions imposed on Serbia and Montenegro three weeks ago will have a catastrophic effect on this sector of the economy.

"The sector employs 200,000 people, or about a quarter of the total labour force," explained Mr Gradimir Cvetkovic, secretary of Serbia's textile association.

"It is also the most successful arm of the Serbian economy. Between 60 and 80 per cent of the industry's total turnover is earmarked for the export market. The sector accounts for 20 per cent of Serbia's total trade."

About 60 per cent of the textile industry's turnover is exported to the European Community, the rest to the US, eastern Europe, and the former Soviet Union. Last year, textile exports totalled $1.1bn (£595m), and imports $600m.

The sector accounts for 1 per cent of the world textile market, and holds a 3.5 per cent share of the EC's market.

"We are totally dependent on the export market, and totally dependent on imports, ranging from dyes and chemicals, to material and tanning processes," said Mr Dragoslav Kojic, manager of Kluz, one of Serbia's most successful textile enterprises which exports 100 per cent of its turnover.

He said the sanctions were "a disaster" for his business.

"I want to send the finished goods to my partners in Germany. But how can I get around the sanctions? Sooner or later we will lose these markets in Europe. They will be snapped up by Czechoslovakia, Hungary, or the Ukraine. It will be very difficult to regain them," he explained.

Mr Kojic employs 6,000 people, and has an annual turnover of DM100m (£34.2m) a year. Later this month, he will put his work force on paid leave for a few weeks.

"After that, I run out of money, energy, and raw materials, which we import from our partners," he said. "I do not know what to tell my workers. The government kept saying we would cope under the sanctions. This is nonsense. They haven't a clue."

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1; Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenburg 4. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix, Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

Lisbon summit 'crucial to Gatt'

By David Dodwell, World Trade Editor in London, and Frances Williams in Geneva

Kohl: Germany is seen as having pivotal influence

A POLITICAL initiative by EC leaders – most prominently Germany's Chancellor Helmut Kohl – will be needed at the Lisbon summit later this week if the Uruguay Round of world trade talks is to avoid collapse, negotiators in Brussels and Geneva said yesterday.

The talks are "totally and utterly blocked", senior staff at the Geneva-based General Agreement on Tariffs and Trade (Gatt), said over the weekend. This was due to a dispute between the EC and the US over reform of world trade in farm products. Pessimism about a settlement has prompted calls by some trade negotiators in Geneva for a ministerial meeting next month formally to bury or resurrect the Uruguay Round.

After last week's failure in Geneva to reinvigorate the detailed country-by-country negotiations on lowering tariff barriers, some countries have apparently asked Mr Arthur Dunkel, director-general of Gatt, to call a ministerial meeting of the trade negotiations committee to decide on the future of the Round.

EC negotiators insist that no issues of substance now prevent a US-EC agreement on farm trade: "Things are no longer in the hands of negotiators," an EC official said. "It has become more of a political problem, and much will now depend on a *prise de conscience* from leaders of member states in Lisbon, given that the commission is fairly divided on the issue."

In a Lisbon agenda already thrown into disarray by concern over the Maastricht treaty, negotiators are not confident EC leaders can muster the will to push for settlement of the Uruguay Round. Officials look to Chancellor Kohl because Germany takes up the EC presidency at the end of the year, and because of Germany's pivotal influence on Europe's farm policy.

EC officials acknowledge that a common EC position on the Uruguay Round will be formulated in Lisbon, but were unclear whether this *prise de conscience* – or "awakening" – would enable a US-EC settlement to be drafted ahead of the summit of leaders from the Group of Seven industrial countries in Munich in July.

IBM, Toshiba in new-generation chip link-up

By Stefan Wagstyl in Tokyo

IBM, the US computer maker, and Toshiba, the Japanese electronics group, are planning to join forces in the development of a new generation of microchips.

According to electronics industry executives in Japan, the two companies are discussing a partnership in flash memory devices, a type of chip which could eventually replace hard disk memories inside computers.

Such a development could greatly reduce the cost and weight of computers. Unlike existing memory chips, flash memory devices retain information even after the power to a machine has been switched off.

The two companies declined to comment on the discussions. IBM said it was talking to various potential partners about the possible joint development of various products, including flash memories.

Toshiba said it was discussing a possible partnership in flash memories with another company and an announcement would be made "soon".

The partnership, if it goes ahead, would be an example of a growing trend among electronics groups to pool resources for the development, manufacture and even marketing of new products. Even for companies as large as IBM and Toshiba, the investments needed for new products have become so daunting that they are increasingly seeking to share risk.

Toshiba was among the first companies to develop flash memories but Intel, the US microchip maker, was more successful in producing and marketing the devices and has a world market share estimated at 80 per cent. Intel earlier this year signed an agreement with Sharp, the Japanese electronics group, for Sharp to make chips for Intel.

For both Toshiba and IBM, an alliance would create a large enough base to challenge Intel. IBM was once reluctant to strike technology-sharing partnerships with outside companies, but competitive pressures have forced it to seek such alliances to stay abreast of the latest developments in technology. IBM and Toshiba already co-operate in the production of colour liquid crystal display screens.

Meanwhile, Toshiba is today expected to announce a separate partnership with Apple, the US computer maker, in the field of multi-media, a business where computer, audio and television technologies are combined to create entertainment and business-use products.

Japan promises closer co-operation with EC

JAPAN yesterday pledged closer co-operation with the EC, in a wide-ranging review of its relations with Europe, Stefan Wagstyl reports from Tokyo. The review follows a similar paper published by the EC a month ago containing sharp criticism of Japanese trade practices, and prompting a protest from Tokyo.

The foreign affairs ministry has eschewed the chance to hit back in its own review. Mr Hisashi Owada, vice-minister for foreign affairs, is taking a conciliatory line. In response to EC demands for steps to improve foreign groups' access to Japanese markets, the report said the requests should be dealt with under Gatt's Uruguay Round trade talks.

The paper welcomed European companies' efforts to enter Japanese markets and improve their competitiveness in high-technology industries. The reviews follow the EC-Japan declaration on bilateral issues signed by Mr Jacques Delors, EC president, and Mr Toshiki Kaifu, then Japan's premier. Mr Kiichi Miyazawa, Mr Kaifu's successor, is to meet Mr Delors and Mr John Major, UK prime minister and the next European Council of Ministers president, while visiting Europe next month.

Japanese steel venture in Italy

By Haig Simonian in Milan

ILVA, Italy's state steel company, yesterday signed an accord with Nisshin Steel of Japan to co-operate on products for car exhausts in what is believed to be the first direct investment by a Japanese steelmaker in Italy.

The deal, although relatively modest, comes at a crucial time for Ilva. The European Commission has taken an interest in recent capital increases and the possible cancellation plans for a stock market quotation by the company.

Nisshin Steel, Japan's sixth biggest steelmaker, is buying 10 per cent of Tubificio di Terni, which operates at Ilva's Terni steelworks in central Italy. Ilva owns 75 per cent of the company, with the remainder held by Sitai, a privately owned Italian steelmaker.

No value has been placed on the deal, as the precise figure is still being studied, Ilva says. Following the transaction, in the form of a rights issue reserved for Nisshin Steel, the stakes of Ilva and Sitai will fall to 67.5 per cent and 22.5 per cent respectively.

Tubificio di Terni was created three years ago in a restructuring at Terni and makes stainless steel pipes for car exhausts. Demand for such products is expected to rise with the growing popularity of catalytic converters on new motor vehicles.

Nisshin Steel, Japan's leading producer of stainless steel pipes for exhaust systems, will provide technical assistance for the next five years for the Terni facility, where a new high-frequency production line is to be installed next year.

Ilva has been looking for outside partners for a number of its operations, to ease its financial problems and meet commitments to the European Commission.

The group may also try to bring in a European steelmaker as partner in the Terni tubes venture.

Brazilian economy paces Mercosur's tariffs timetable

Stephen Fidler looks at prospects for a S American customs union

DOUBTS are surfacing about whether Mercosur, the proposed customs union which groups Argentina, Brazil, Paraguay and Uruguay, can meet its ambitious targets.

Under the March 1991 Treaty of Asunción, which created Mercosur, member countries began cutting tariffs last November as the first stage of a step-by-step reduction of all internal tariff barriers.

They are scheduled to disappear by the end of 1994, when a customs union should be in place with a common external tariff, likely to be above 10 per cent. After that, negotiations are scheduled to start towards a common market.

The Argentine economy minister, Mr Domingo Cavallo, raised a furore last month when he voiced doubts about whether these targets could be met. The big question, he suggested, was the ability of Brazil to stabilise its economy.

Although the subsequent fuss forced the minister to backtrack on his statement, the state of the Brazilian economy is Mercosur's biggest problem. The Brazilian government's lack of success in bringing down inflation and stabilising the economy suggests it will remain so for some time.

The concern is that an unstable Brazilian economy will be reflected in sharp fluctuations in exchange rates and therefore in the competitiveness of Brazilian industry. The impact of these swings on Brazil's trading partners will be amplified by the abolition of tariffs.

The concern of some Argentine businesses is heightened by their government's own exchange rate policy. Argentina has achieved a measure of economic stability by fixing its currency to the US dollar since April 1991. With Argentine retail price inflation running well above US levels, there are worries anyway about Argentine competitiveness.

The Brazilian government position is still that "the timetable is going to be fulfilled."

This is even though the potential advantages to the other members – Brazil's economy is well over five times the size of the other three combined – suggests Brazil's commitment to the customs accord may be weaker than the other governments. As one senior Argentine official said: "We have to concede that Mercosur is probably much more important to us than it is to Brazil."

However, Brazil's new foreign minister, Mr Celso Lafer, has said: "We think of Mercosur as a platform for our competitive insertion into the world." Mercosur's importance, say senior officials, is as an instrument for transforming the economy and improving competitiveness.

Brazilian officials insist that the timetable for tariff reduction is already in place, and not for negotiation. They point out that a protocol on dispute settlement was adopted in December, and that 1992 priorities include practical issues such as hastening deregulation of transportation.

There are other difficulties, including fears that the impact of tariff abolition is yet to be understood and that Brazil's industry constitutes a threat to its neighbours.

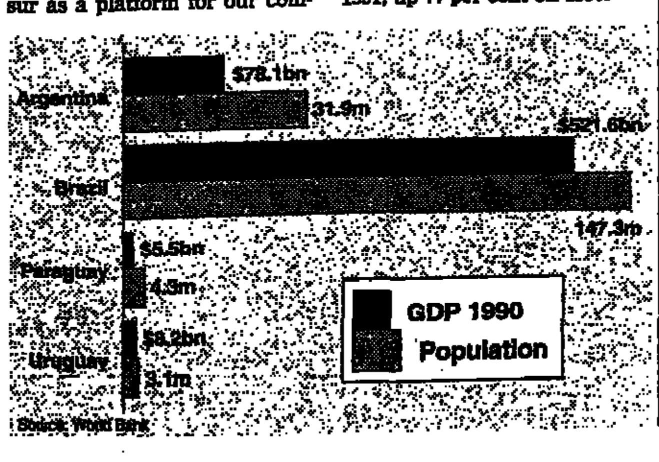
The decision to aim for across-the-board tariff reduction, rather than a product-by-product approach, was aimed at weakening the influence of lobbies seeking protection for specific industries and at lending credibility to the liberalisation policies.

However, according to Mr Winston Frisch, professor of economics at the Catholic University of Rio de Janeiro: "Given the existing productivity differentials in some sectors, it is difficult to believe that the timetable will be met in full as programmed. The likely outcome will be a revision of the 1994 deadline to meet the structural adjustment problems of sensitive products to a more realistic time frame."

Mercosur has also decided to negotiate as a group with the US, with which it has a framework agreement as a first step towards a free trade accord. There are worries in Argentina that this means Brazil will slow the pace of the group's negotiations on an FTA with the US. Moreover, the expansion of the group to include Chile is likely to be delayed by Chilean worries about the effect of Brazilian economic instability.

With or without Mercosur, general reductions of tariff levels are already stimulating intra-regional trade. The potential for growth is significant: only 15 per cent of Brazil's trade is with the rest of Latin America, of which 9 per cent is with other Mercosur countries.

Brazilian officials expect trade between Brazil and Argentina to rise to $4bn this year, up 30 per cent on 1991. Trade within the Mercosur region expanded from about $1.6bn in 1985 to $4.9bn in 1991. Brazilian exports to Mercosur countries totalled $2.3bn in 1991, up 77 per cent on 1990.



Source: World Bank

UN funds for Cambodia top expectations

By Steven Butler in Tokyo

THE United Nations Development Programme yesterday raised pledges worth \$880m (£476m) for the reconstruction of Cambodia, far exceeding expectations of \$600m, at a Tokyo conference attended by 33 nations, the European Community and 12 international organisations.

The success of the conference at raising funds, however, was overshadowed by continuing doubt about the future of the UN peace process in Cambodia, where the communist Khmer Rouge has refused to comply with the crucial second phase of a programme calling for disarming and demobilising troops on the ground.

The Khmer Rouge appeared isolated at the conference and was repeatedly criticised for obstructing implementation of the Paris Agreements, aimed at bringing peace to the country and which it signed last year. A meeting was under way late last night between the factions to the Cambodian conflict, the five permanent members of the UN Security Council, and representatives of France and Indonesia, which chaired the Paris meeting.

Mr Georges Kiejman, the junior French foreign affairs minister, said the meeting was aimed at convincing the Khmer Rouge there was no alternative to the peace plan.

An immediate formal reply from the Khmer Rouge was, however, not expected. It has refused to comply with the terms of the peace accord because it says Vietnamese troops remain in the country. This was denied yesterday by Mr Yasushi Akashi, head of the United Nations Transitional Authority in Cambodia (Untac).

The Khmer Rouge has also objected to the disbursement of some funds for essential services through the existing Phnom Penh government, on the grounds that this will strengthen the government in elections scheduled for next year. Mr Akashi said, however, that spending would be strictly controlled by Untac.

Delegates appeared determined to push the peace process through even if the Khmer Rouge continued to obstruct the agreement.

Mr Lawrence Eagleberger, the US deputy secretary of state, told the conference: "The peace process can go forward in their absence."

The US threat was to halt disburse money to Khmer Rouge-controlled areas.

The way that money is spent has become a highly political issue because of its possible impact on the voting in elections scheduled for next spring.

The UN is aiming to repatriate 370,000 refugees before the election, and how they are settled could strongly influence the voting.

Japan was the biggest contributor, pledging between \$150m and \$200m, although some of this money had been previously pledged. The US was second largest contributor with \$135m, with France providing \$57m, the EC \$40.2m, and Britain \$30m.

Coalition with Likud widely predicted as the likely outcome to today's election

Polls put Labour ahead in Israel

By Hugh Carnegy in Jerusalem

Yitzhak Shamir steadies himself on a choir girl as he descends stairs at a memorial for pre-indepence guerrillas

FINAL opinion polls for today's Israeli general election were unanimous yesterday in putting the opposition Labour party ahead of the ruling Likud.

However they indicated a stalemate once support for small parties allied to the big two were taken into account, reinforcing widespread speculation that a Labour-Likud coalition is likely.

Labour, led by Mr Yitzhak Rabin, a former prime minister, is desperate to overturn 15 years of Likud supremacy, replacing the uncompromising ideology of its rival with a more pragmatic approach which it promises will produce early progress in Middle East peace negotiations and restore frayed relationships with the US.

Likud, under Mr Yitzhak Shamir, the 76-year-old prime minister, has been on the defensive throughout the campaign, internally divided and often giving the appearance of a political force past its prime.

Three election-eve polls gave Labour a lead of between nine and 14 seats over Likud in the 120-seat Knesset. Such a gap would represent a big breakthrough for Labour, given the marginal swings usually seen in Israeli elections. It would give Mr Rabin the whip-hand in the inevitable coalition bargaining that would start tomorrow.

But similar polls in previous elections turned out to be wrong. A fourth poll yesterday, based on the widest sample, put the Labour lead at only two seats. Two of the polls also predicted Likud would be able to muster a narrow majority along with small right-wing and religious parties.

Labour has focused on Mr Rabin's tough image in its attempt to woo disaffected Likud supporters, who are thought to make up a large portion of the 20 per cent undecided voters.

In its final television broadcasts, the party ran clips from 1976 of Menachem Begin, the great Likud hero and then leader of the opposition, warmly praising Mr Rabin, then prime minister, for ordering the successful commando rescue of a hijacked airliner at Entebbe airport in Uganda.

A key to the result may lie in the 500,000 first-time voters, more than half of whom are recent immigrants from the former Soviet Union, and in the 390,000 Arab voters.

To succeed, Labour needs to win heavily among the former, and either a big direct vote from Arabs or a strong result for the three Arab-based parties which would support a Labour-led government.

Altogether 25 parties are standing, encouraged to do so by the system of proportional representation in which there are no local constituencies and seats are distributed according to the proportion of national votes. However, this year the minimum needed to enter the Knesset has been raised from 1 per cent of votes cast to 1.5 per cent.

Chemical weapons pact nears completion

By Frances Williams in Geneva

AN INTERNATIONAL treaty outlawing chemical weapons looks virtually certain to be completed this summer, after negotiations lasting more than 20 years.

Mr Adolf von Wagner of Germany, current chairman of the ad hoc committee on chemical weapons of the United Nations Disarmament Conference, yesterday presented the committee with what he expects to be the final treaty draft. If all goes according to plan, the treaty will be endorsed by governments within the next seven weeks and approved by the UN General Assembly in New York this autumn before a signing ceremony in Paris early next year.

The chemical weapons convention, the most ambitious multilateral disarmament accord ever attempted, will ban the development, production, stockpiling and use of toxic arms and require the destruction of all stockpiles and production facilities within ten years of the treaty coming into force.

The chemical weapons ban will be policed by an international inspectorate, to be based in The Hague, with wide-ranging and intrusive powers to enter and search not only highly sensitive military installations, but also civilian chemical plants making chemicals for peaceful uses such as fertilisers that could be diverted for weapons production.

The negotiations in the 39-member disarmament conference have been slowed by the difficulties of balancing the need for rigorous checks to uncover and deter cheating with countries' desire to protect military and commercial secrets. The US last year backed off its own proposal in 1984 for inspections "anywhere, anytime".

This followed objections from the Pentagon that open access would allow countries to snoop around military establishments developing, say, Stealth bomber technology on the pretext of looking for chemical weapons.

The provisions for inspections now allow countries to protect military or trade secrets through "managed access" which would, for instance, enable countries to shroud equipment, hide documents, shut off computers or restrict individual inspectors to different parts of the site. Governments will not be able to refuse access altogether, however.

Some Third World countries, notably China and Pakistan, have been reluctant to allow any inspection of civilian facilities or undeclared military installations. However, they are not expected to block the proposed treaty, which requires a consensus of Disarmament Conference members.

About 50 countries, including all the members of the Conference on Security and Co-operation in Europe (CSCE), have said they will sign the treaty, enough to bring into being the Organisation for the Prohibition of Chemical Weapons which will administer it. The convention will come into force two years after the signing ceremony, provided 65 nations have ratified it.

Western negotiators were hopeful that most countries would sign eventually.

Thailand's PM pledges fair election

By Victor Mallet in Bangkok

THAILAND'S interim prime minister, Mr Anand Panyarachun, promised yesterday that his government would ensure a clean and orderly election, while pro-military political parties made apparently hopeless last-minute efforts to avert a dissolution of parliament and the calling of a new poll.

Mr Anand said in a policy speech to parliament: "The government will maintain strict political neutrality without assisting or hurting any political parties or groups." Elections, which Mr Anand said would be "orderly, clean and fair to all", are expected in September.

Mr Anand was appointed caretaker prime minister by King Bhumipol to resolve a political deadlock. At least 50 pro-democracy demonstrators were shot dead by troops last month, forcing the resignation of Gen Suchinda Kraprayoon, the premier installed by the pro-military parties after elections in March.

Many people are still missing after the violence, arousing suspicions that they were killed and their bodies secretly disposed of by the army.

Opponents of the military blame the outgoing coalition of pro-military parties for failing to restrain the troops during the violence, but politicians in the coalition are reluctant to relinquish power or to mount another expensive election campaign so soon after the last one.

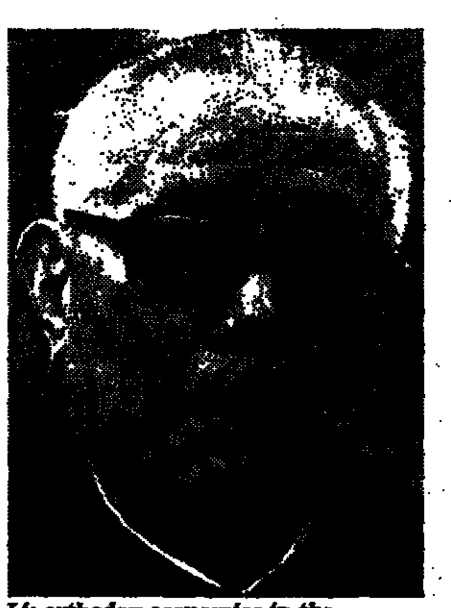
Buying votes with cash is common in the rural areas of Thailand where the pro-military politicians hold sway, and members of parliament like to recoup their investment by participating in the lucrative and often corrupt business of government before spending any more money.

Some of the politicians loosely grouped in opposition to the coalition have also been known to buy votes.

Mr Anand – who ran the country as caretaker prime minister between the coup d'état in February 1991 and the March elections – said he would continue to promote free market economic policies, and would uphold civil rights and press freedom.

First of the eight 'elders'

Chinese revolutionary leader dies



Li: orthodox economics in the traditional Marxist mold

By Yvonne Preston in Beijing

VETERAN Chinese leader Li Xiannan has died in Beijing at the age of 83. Li was president for a five-year term from 1983, and is the first of China's eight "revolutionary elders" to go "to meet Marx".

His death was announced yesterday by the official Xinhua news agency. He had been in poor health for some time. In March illness kept him from the annual meeting of the Chinese People's Political Consultative Conference, a largely powerless body, of which he was chairman.

Li was one of the first Chinese leaders to appear on national television after the suppression of the pro-democracy movement in June 1989, to defend the army's handling of "the turmoil".

A self-taught economist who favoured central planning, he supported China's modernisation process after the chaos of the Cultural Revolution but became increasingly concerned about the economic liberalism of the reformers.

Li championed a more orthodox economic approach in the traditional Marxist mould, identifying himself with the leftist economic policies of the post-Mao period which are now under official criticism. His death removes another obstacle to the reform process favoured by the most powerful revolutionary elder, Deng Xiaoping.

Born in 1909 to a peasant family in Hubei province, Li worked as a carpenter, joining the communist party at the age of 22. A veteran of the Long March, he became governor of his native province after the Communist victory, moving to Beijing where he became finance minister and a member of the politburo.

Of all China's senior politicians he was alone in weathering the political storms that have afflicted China since 1949, surviving even the Cultural Revolution as a supporter of Premier Zhou Enlai when almost all Zhou's colleagues were purged.

After that Li played an important role in arresting the Gang of Four in 1976, among them Mao's widow Jiang Qing.

In the largely ceremonial post of president, Li travelled the world, and in Beijing played host to national leaders, among them the Queen and Mr Ronald Reagan.

NEWS IN BRIEF

Allegations against Ramos swept aside

A JOINT session of the Philippine Congress yesterday formally proclaimed Mr Fidel Ramos the country's next president, sweeping aside allegations by rival candidates of large-scale fraud, Reuter reports from Manila.

Film star Mr Joseph Estrada was proclaimed vice president in the session which capped a convoluted six-week counting process following the May 11 national elections.

Mr Ramos, 64, a former defence chief, takes over from Mrs Corazon Aquino on June 30.

Two held in Bombay scandal

Mr Harshad Mehta, the stockbroker at the centre of India's worst securities scandal, and Mr R Sitaman, an officer of the government-owned State Bank of India, have been remanded in custody until July 3, writes R C Murthy in Bombay. But Mr Justice S N Variava, the special judge appointed to speed up the trial, yesterday ordered the release on bail nine others, including two State Bank officers and two brothers of Mr Mehta.

The Reserve Bank of India, the central bank, has meanwhile issued new guidelines for interbank transactions of securities, banning what are called "ready forward" deals.

Egyptian lawyer sentenced

A Cairo court sentenced lawyer Rashad Nabih to three years' imprisonment yesterday for writing a bad cheque for E£1.54bn (£250m) in connection with a massive Islamic banking scandal, Reuter reports from Cairo. The cheque was meant to repay some 187,000 depositors in the collapsed al-Rayan Islamic investment company. Judge Gamal el-Kholi said Nabih could pay E£1m as an alternative to prison.

Taiwan to let exiles return

The Taiwanese government yesterday to allow scores of exiled dissidents to return, Reuter reports from Taipei. Government leaders and officials of the ruling Kuomintang party decided to revise the National Security Law to permit the dissidents' return, said Mr Wang Chin-ping, parliamentary whip. Activists were exiled for advocating that Taiwan declare independence and abandon its official goal of reunification with China.

Algerian subsidy removal cuts import bill

By Francis Ghilès

A WEEKEND decision by Algeria to remove subsidies from all basic foodstuffs – with the exception of bread, semolina and milk, for which subsidies have been halved – is expected to save the country \$500m (£270m) worth of imports or a quarter of its total foreign food bill in a full year.

This year's savings are expected to amount to around \$150m. Food imports account for a quarter of all Algerian imports.

The decision by the government of Mr Sid Ahmed Ghozali removes a big hurdle in discussions with the International Monetary Fund, with which Algeria is negotiating its third standby credit since 1989.

It will also comfort western creditors, in particular Italy and Japan, which have encouraged lenders to refinance Algerian state or commercial bank debt as a gesture of support for reforms aimed at liberalising the country's economy.

The move will halve the cost of food subsidies, which would have amounted to AD52bn (£1.3bn) this year. The 7.4m poorest Algerians, out of a population of 25m, will be spared the worst, as a safety net, which by all accounts is working reasonably well, introduced welfare payments to them three months ago.

The liberalisation will end the large black market in commodities such as sugar, coffee and dairy products conducted with Morocco and Tunisia, where prices on such products have been much higher than in Algeria for years.

Liberia faces sanctions threat

WEST AFRICAN foreign ministers threatened yesterday to impose economic sanctions on Liberia if Liberian groups kept obstructing a peace plan, Reuter reports from Dakar.

The ministers also accused Mr Charles Taylor's National Patriotic Front of Liberia (NPFL) of murdering six soldiers in Senegal's peacekeeping contingent on May 28.

Iran seeks silken ties with its Central Asian neighbours

Emphasis placed on trade revival and extension of transport networks to gain regional influence, writes **Tony Walker**

WHEN President Hashemi Rafsanjani last month inaugurated work on a railway between Iran and neighbouring Turkmenistan, an enthusiastic Iranian press portrayed it as one more example of links being forged between Iran and its Central Asian neighbours.

Mr Rafsanjani reminded his audience in the north-eastern city of Mashhad that the railway would provide a link between landlocked Central Asia and the "open seas through the southern border of Iran," also forming a "bridge" between Europe and Asia.

The Turkmenistan railway is not the only transport project used by Iran to capitalise on its proximity to the Central Asian republics. Tehran recently announced that it plans to spend \$2.5bn upgrading and extending a railway line from the Caspian Sea to the Gulf.

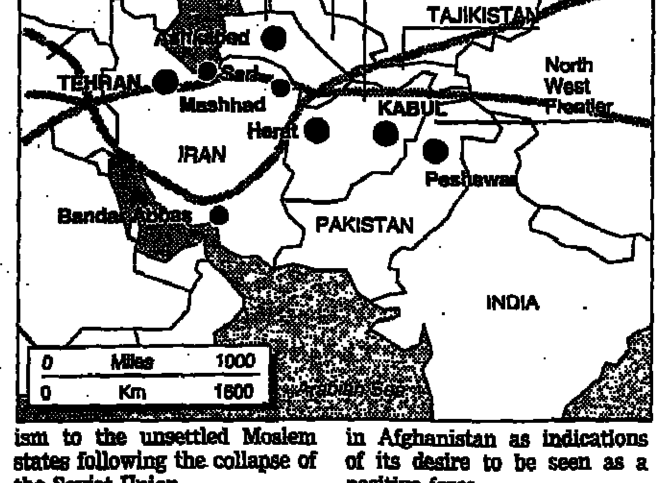
The main work left to be done is to extend an existing line from the town of Sari in northern Iran to the Caspian port of Freydun Kenar. Both this port and Bandar Abbas on the Gulf will have to be expanded significantly to cope with an estimated 5m to 8m tonnes of freight annually.

Iran clearly regards its ability to facilitate trade to and from the newly-emergent states as a key card in the evolving competition for power and influence in the region.

Six former Soviet republics – Kirgizia, Uzbekistan, Tajikistan, Turkmenistan, Azerbaijan and Kazakhstan – plus Iran, Turkey and Pakistan, recently gathered for a summit in Ashkhabad, the capital of Turkmenistan, and intriguingly, called for moves to re-open the Silk Road.

This ancient route, stretching some 6,400km from China through South and Central Asia, including what is now Iran, to the Levant, was pioneered in the second century BC, and was one of the principal conduits for the transport of silk to the Roman empire.

Iranian behaviour regarding its neighbours has thus far been exemplary, diminishing initial fears that Iran would seek to export its own potent brand of Islamic fundamentalism to the unsettled Moslem states following the collapse of the Soviet Union.



Western officials in Tehran cite Iran's efforts to mediate an end to the conflict between Armenia and Azerbaijan in Nagorno-Karabakh and its role in trying to calm the situation in Afghanistan as indications of its desire to be seen as a positive force.

"Iran is not going to play the Islamic card all that vigorously," said one official. "Iran is worried about the enormous power vacuum to its north, and it will not wish to further destabilise the situation.

What worries Iran is that ethnic conflict will filter down to Iran itself." About half Iran's population of 58m are ethnic minorities, including big concentrations of Kurds and Azeris in its northern regions.

In spite of the conventional view that Iran's intentions are fairly benign in the states to its north, it would be naive to believe that the country's theocratic leadership does not harbour ambitions to use religion as a means of enhancing Iran's regional influence.

"Given the role of the Islamic republic of Iran in the region, our responsibilities are manifold," Mr Ali Akbar Velayati, Iran's foreign minister, said recently.

"Iran shares the Islamic heritage with her neighbouring countries, and, in view of the recent urge for independence in Central Asia, it has to fill the existing cultural and economic vacuum in the region. Hence, all countries that seek Iran's assistance in these realms will be welcomed."

It is this sort of observation and a challenging description by Mr Rafsanjani of the putative Economic Co-operation Organisation, grouping all the states of Central Asia plus Iran, Pakistan and Turkey, as "one great Moslem family", 250m strong, that troubles the west and the US in particular.

Iran's response to the collapse early in May of the conservative government in Farsi-speaking Tajikistan (Farsi is the language of Iran) was also hardly encouraging as far as western observers were concerned.

Tehran Radio hailed the triumph of the "Moslem people of Tajikistan" who were now engaged most importantly in a "renovation" of their "Islamic, national identity."

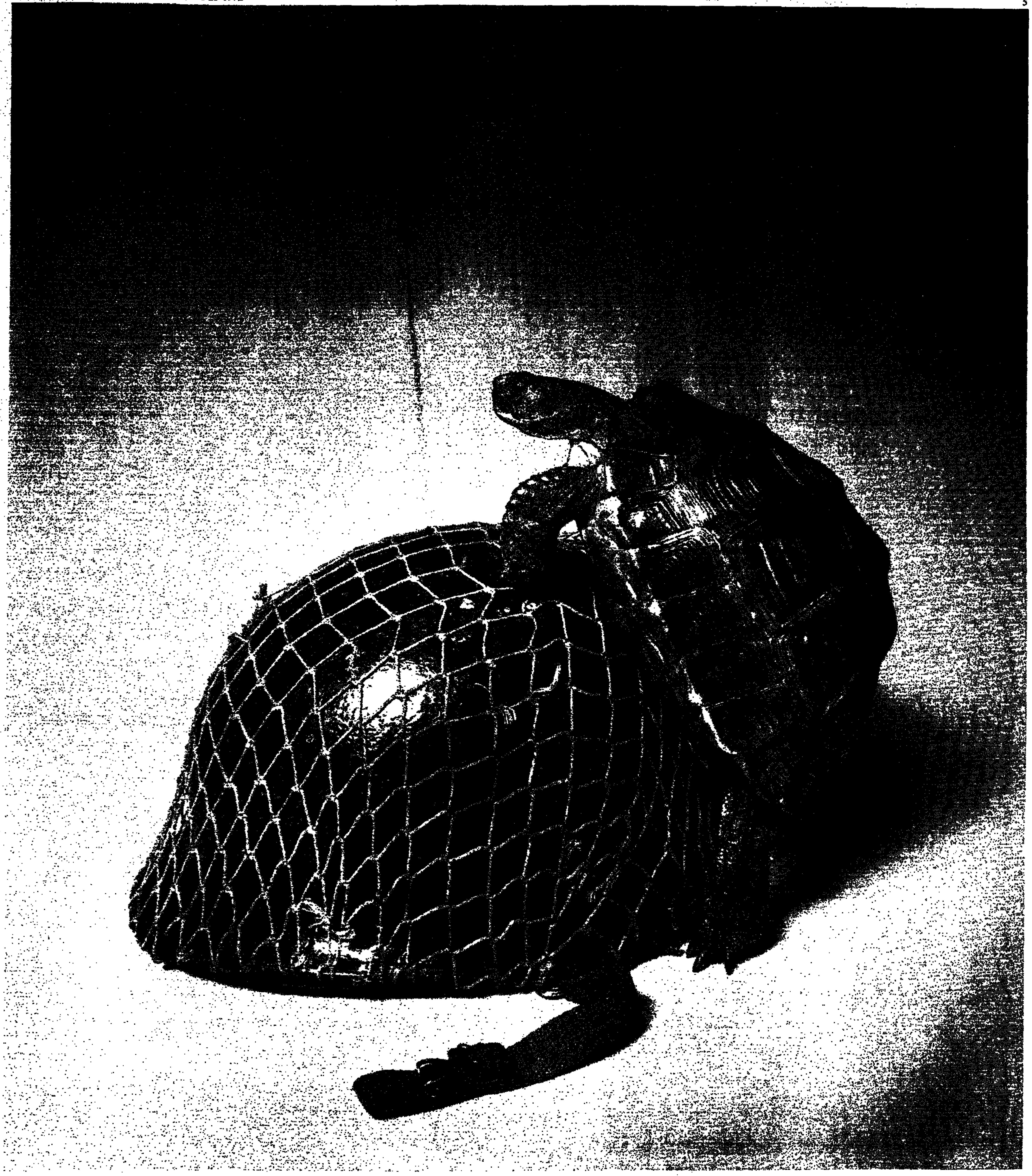
Mr William Taft, the US ambassador to Nato, observed recently that the situation in Central Asia was fragile, and it was therefore very important for the US to work closely with Turkey to ensure that the "Turkish model" prevails over the Iranian one.

Turkey, which has offered the Central Asian republics some \$1.2bn in credits, is fairly confident that it has the upper hand in the battle for hearts and minds. In this, Turkey is being aided by the fact that Turkic is the predominant language in the region and most people are Sunni Moslems, the less confrontational form of Islam practised in Turkey and in the Arab world.

But in a volatile situation no one can be sure how things will evolve, and Iran, although constrained by its own deep economic problems and the huge burden of post-war reconstruction, remains something of a wild card.

In Tehran, a Turkish official likened Central Asia to a laboratory. "We don't know what effect the various compounds will ultimately produce," he said.

"These people are going from communism to what? They have no real understanding of democracy. As far as Turkey is concerned we want to co-operate with Iran, rather than compete. These countries need so much help."



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Clinton stresses jobs in economic strategy

By George Graham in Washington

GOVERNOR Bill Clinton, the presumptive Democratic presidential candidate, yesterday returned his campaign to policy specifics, in which he excels, with a reformulation of his economic programme.

Refining the policies he endorsed during the four-month Democratic primary campaign, Mr Clinton called for an economic strategy that would create jobs by investing \$50bn (£27bn) a year in education and infrastructure, while cutting the federal budget deficit by half over four years.

Mr Clinton, the Arkansas governor, launched his programme at a meeting of the US Conference of Mayors in Houston. He emphasised proposals for "\$20bn a year of hard, federal dollars" to invest in transport and information technology infrastructure, as well as the creation of urban enterprise zones – a policy pressed by Mr Jack Kemp, secretary of housing and urban development in the Bush administration – and more community policing.

His programme also calls for "lifetime learning" with investment in education all the way from kindergarten to adult retraining, as well as health-care reforms embracing the "play or pay" approach, by which employers would either have to provide health insurance for their employees or pay a levy into a state-run health insurance fund.

Mr Clinton still supports shifting the tax burden away from middle-income families towards the wealthiest taxpayers, but he has weakened his proposal for a middle-class tax cut, which drew from his principal Democratic opponent, Mr Paul Tsongas, the charge of pandering for votes.

The Clinton programme would now allow middle-income families either a children's tax credit or a reduction in their income tax rate – but not both, as he had previously advocated.

Higher income tax rates for the richest 2 per cent of the population, coupled with a surtax on millionaires, would raise \$17.8bn of additional revenue in 1993, the Clinton plan says, rising to \$23bn in 1996.

The other main sources of revenue in Mr Clinton's programme are additional cuts in defence spending totalling \$37.5bn over four years, and measures to tax foreign subsidiaries operating in the US more heavily by clamping down on their transfer pricing arrangements with their parent companies.

Mr Clinton estimates that this could raise an additional \$45bn over four years.

Mr Clinton projects a federal budget deficit still totalling \$141bn in 1996 if growth remains moderate, compared with an expected deficit of \$400bn this year – a more modest claim than that of Mr Ross Perot, the prospective independent candidate, who said he could eliminate the deficit "without breaking a sweat".

Citibank appeal turned down

THE US Supreme Court yesterday refused to overturn a ruling that US banks can be held responsible for deposits in foreign branches, even when those deposits are frozen by a foreign government, writes George Graham.

The court refused to hear an appeal by Citibank, the New York banking group, against an appeal court ruling that it must repay with interest the outstanding balance from a \$2m (£1.1m) deposit made in Manila in 1983 by the Singapore branch of Wells Fargo Bank. The Philippines government subsequently froze the deposits of all foreign banks as part of a debt repayment moratorium.

Citibank's appeal had been backed by the administration, which argued that the appeal court decision would create "new and unforeseeable liabilities" for US banks "arising from the unpredictable actions of foreign governments". Mr Kenneth Starr, solicitor general, said that US banks should be held liable in such cases only if the two parties had agreed in advance that the home office should bear responsibility.

'Gutsy governor' drops the gimmicks

Martin Dickson profiles the independent policies of Connecticut's Lowell Weicker

HE is being called the "gutsiest governor in America" and a precursor and political role model for Mr Ross Perot's independent bid for the US presidency.

Mr Lowell Weicker, the subject of these eulogies, is the governor of Connecticut, a small New England state not normally associated with the political cutting edge.

Yet Connecticut anticipated the nation's current distaste for mainstream party politics 1990 when it elected Mr Weicker on an independent ticket – making him one of only a handful of politicians this century to have won state governorships without major party backing.

Mr Weicker kept Connecticut at the forefront of political consciousness by a long battle with the Democrat-controlled legislature which eventually pushed through the state's first income tax.

Locally, the move was extremely unpopular. Connecticut, a state of leafy suburbs boasting one of the highest per capita incomes in the US, prided itself on being among the few remaining states without a tax on income.

Mr Weicker, accused of breaking election promises, was spat on, hung in effigy before a crowd 40,000, and became the butt of bumper stickers demanding his impeachment.

Nationally, however, the tax tended to be viewed far more sympathetically : as a rare example of a politician prepared to put his neck on the block by taking tough, realistic action in a severe fiscal crisis. Time Magazine labelled him the "gutsiest governor " while he recently won an award – named after President John F. Kennedy – for political courage.

Such is Mr Weicker's national reputation that there have even been rumours he could emerge as Mr Perot's vice-presidential running mate. The Governor, however, insists there is absolutely no possibility of him quitting Connecticut to stand on anybody's Presidential ticket.

Certainly, he and Mr Perot do not appear to have much in common apart from their political independence and a plain-speaking manner. While Mr Perot is a self-made businessman with no political experience, Mr Weicker has spent 30 years as a professional politician – including 18 years in Washington as a Republican senator from Connecticut.

Lowell Weicker: wary of privatisation initiatives

Aged 61, an imposing 6ft 6in tall, and a descendant of the family which founded the Squibb pharmaceuticals group, Mr Weicker made a name as an independent-minded Republican liberal in 1973 when he served on the Senate committee investigating the Watergate scandal and aggressively grilled President Nixon's White House staff.

His term as governor underlines some of the advantages and drawbacks of independent candidates. Mr Weicker contends he only managed to get the income tax bill into law because he was an outsider. "Neither party was going to lay claim to being the father of the tax," he says.

But independent candidates offering sweeping change can also generate unrealistic expectations of painless problem-solving, as the row over the Connecticut tax demonstrates.

During the gubernatorial campaign Mr Weicker did not explicitly rule out an income tax, but he did say such a levy would be like "pouring gasoline on the fire" of recession, and promised no new taxes if the state produced no new fiscal surprises.

Defending himself against accusations of lying, he points out that by the time he took office, Connecticut faced a fiscal deficit of \$1bn on an \$8bn budget -the highest percentage shortfall of any state in the union. "I'd say that's very much a new problem."

The income tax has been accompanied by a thorough reform of the state's tax structure, including a reduction in punitive business rates which were driving companies away.

However, the Governor insists he never set out to be quite such a thorough-going reformer. He settled on the income tax after three weeks of seeking alternatives which did not work. He was not prepared to go along with the "the accounting gimmicks, smoke and mirrors, crooked Ouija boards and other apparatus of deception that had led to our fiscal crisis. We resolved government would tell the truth to the people and attempt to fix the problems for the long term rather than for the next election."

The budget crisis has now eased following spending cuts and a shake-up of the civil service which removed 10 per cent of its jobs and amalgamated many services. Mr Weicker, however, is wary of the privatisation initiatives being embraced by many other governors. "There's a lot to be said for some of it, but some of it is overblown."

His top concerns now include reviving the inner cores of cities like Hartford, Bridgeport and New Haven, islands of minority deprivation in Connecticut's sea of affluence; and attracting business to an economy hit extremely hard by recession and US defence cuts. The state is putting together \$200m of its own funds, together with a \$1bn from the private sector, to ease a credit crunch.

As for the cities, Mr Weicker argues that one reason so many US initiatives fail is because they adopt a uniform "one size fits all" policy which fails to take account of the uniqueness of each urban area. He intends to pursue a case by case approach.

All this is improving Mr Weicker's local popularity. A recent poll in the Hartford Courant newspaper found that 41 per cent of the electorate thought his performance was good to excellent, up from 33 per cent.

The governor puts this down to the fact that "we faced up to reality. The state of Connecticut was exactly like the United States (after) 10 years of Reaganomics which said you can have it all and you don't have to pay for it. In essence, what the state of Connecticut – not just its government, but a group in the legislature, people in the street, said was: 'we know there's no such thing as a free lunch.'

"Whatever the problem is, apply realistic answers, not political answers, and the politics will take care of itself."

Easily said, but the test of this benign view will only come this autumn, when Connecticut's somewhat nervous legislators face re-election.

Arrests in Exxon kidnap case fail to clear mystery

By Alan Friedman in New York

THE mystery over the abduction of Mr Sidney Reso, president of Exxon's international division, has deepened, despite the arrest last week of a former Exxon security guard and his wife in connection with the case.

A team of more than 30 federal, state and local law enforcement officials followed a trail across the US before charging the couple with the April 29 kidnapping.

Yet police still do not know where Mr Reso is or whether he is alive. The FBI is searching for a third suspect, on the assumption that at least one other person is holding Mr Reso.

Some light has been shed on the case by court documents filed in connection with the arrests in New Jersey early last Friday morning of Mr Arthur Seale and his wife Irene. Mr Seale, 45, worked on security matters for Exxon until 1987, having served previously as a policeman in a New Jersey town.

The court documents say Exxon received the first ransom demand from the Seales within a day of Mr Reso's disappearance, when his car was found abandoned at the bottom of the driveway to his New Jersey home. The kidnappers then requested that Exxon set up a cellular telephone so that future messages could be phoned in.

A series of calls and letters continued to arrive in recent weeks, with one call two weeks ago from a Georgia telephone about 30 miles from Hilton Head, South Carolina, where the Seales had owned a yacht. Police following the trail of the Seales went as far as Vail, Colorado, where the Seales lived for a time after Mr Seale resigned from Exxon.

Last Tuesday, as Mr Reso's wife Patricia made a televised appeal for the return of her husband, the Seales allegedly used a tape recorded message, phoned in from a New Jersey phone box, to alert the authorities to a ransom letter that would be delivered to a local sheriff's office. The letter demanded millions of dollars of ransom, to be paid in used \$100 bills and placed in laundry bags.

Sidney Reso: could be held by third person

By Thursday evening, after FBI agents had placed the Seales under surveillance, more phone calls gave instructions for the ransom. Nearly an hour after midnight on Friday, the Seales were arrested when they returned an Oldsmobile sedan to a car hire agency in New Jersey.

The police who arrested the couple found a 1985 directory of the home addresses of Exxon executives, along with rubber gloves and laundry bags.

The arrests mark the first break in the long-running case, but the FBI says the Seales, although questioned at the weekend, have refused to speak about Mr Reso's whereabouts.

The FBI has meanwhile confirmed that the Seales are the same people who sent a note in early May claiming to be members of an ecological extremist group called the Rainbow Warriors. But they doubt that the Seales have any ecological affiliation.

The Exxon case, according to Mr Joe Rosetti of Kroll Associates, private investigators, "looks like a classic, almost textbook kidnapping, of the kind you normally see in South America".

For Exxon, which is declining to comment on any details, the case looks like a deepening nightmare.

Collor renews offensive to clear name

PRESIDENT Fernando Collor of Brazil has again tried to regain the political initiative by denying allegations that he knew of corruption within his government, writes Bill Hinchberger in São Paulo.

"The time has come to say enough. The people will not stand for the lies, the falsehoods that have found shelter in the organs of the press," Mr Collor said in a Sunday night television broadcast.

Allegations of extortion and other wrongdoing by Mr Paulo César Farias, a businessman who was Mr Collor's campaign treasurer, originated with the president's brother, Mr Pedro Collor, and triggered a row within the Collor family. A parliamentary panel was set up to investigate the claims.

The local press has given much space to allegations by former officials who have yet to testify before the panel. The magazine Veja reported at the weekend statements by Mr Renan Calheiros, former head of the parliamentary delegation for Mr Collor's National Renovation party (PRN), who said, among other things, that he had informed the president about alleged corruption in the government.

Trade deficit cut by record export figures

By Peter Norman, Economics Correspondent

RECORD exports last month helped to cut £500m off Britain's visible trade deficit in May, bringing the gap between exports and imports to the lowest level so far this year.

But the news failed to help sterling, which closed at the bottom of the European exchange rate mechanism and practically unchanged against the D-mark and the dollar in London last night.

The Central Statistical Statistical Office reported that that the UK's visible trade deficit fell to a seasonally adjusted £845m in May from £1.36bn in April following a 4 per cent jump in exports to £9.17bn last month and a 1.5 per cent drop in imports to £10bn.

It tentatively estimated that the UK's surplus from invisible trade such as banking, insurance and tourism was £200m in both May and April, implying a sharp fall in the current account deficit to £645m last month from £1.16bn in April.

However, the improvements in the trade and current account figures largely reflected an increase in oil exports and a drop in imports of aircraft in May.

After stripping out such items, last month's trade performance was broadly in line with that in the nine months to the end of March. While exports last month were a record in terms of value and volume, imports also reached new high in May in volume terms.

The figures indicated a recent weakening of the UK's trade position with the rest of the European Community, its main trading partner. Exports increased by only 1 per cent to £15.3bn in the three months to the end of May from £15.1bn in the three months to the end of February. In the same period imports from the EC increased by 4 per cent to £16.4bn from £15.75bn.

The Treasury welcomed the trade figures, but Mr Gordon Brown, the Labour opposition's trade spokesman, said statistics for the past year showing imports rising faster than exports were a sign that "the much promised post-election recovery has simply not materialised".

Lex, Page 18

Mortgage arrears rise

By John Willman and David Barchard

THE NUMBER of homeowners more than six months in arrears with their mortgage payments has risen sharply to 290,000, according to a survey published by Shelter, the housing pressure group.

The survey in the pressure group's magazine Roof shows that while the level of short-term mortgage debt fell in the year to the end of March, the number of cases over six months in arrears rose by 38 per cent.

Steps taken to reduce the number of repossessions by lenders are partly responsible for the growth in arrears over six months, according to Ms Janet Ford of Warwick University, the researcher who complied the survey.

Until these moves, lenders normally began repossession proceedings when arrears exceeded six months. Cases which avoid repossession will increasingly show up in the long-term arrears figures.

Overall, the figures show a slight decline in the number of arrears of two months or more, which still affect one in 13 of the 9.8m outstanding loans for home purchase in the UK.

The survey says provision for bad debt rose rapidly in 1991, threatening the viability of some lenders. It is based on a sample of banks, insurance companies and the other centralised lenders.

Dockyards battle for Naval refit contracts

By James Buxton, Scottish Correspondent

THE battle for survival between the UK's two naval dockyards took a fresh turn yesterday when Babcock Thorn, managers of Rosyth dockyard in Scotland, unveiled plans for a substantially cheaper facility for refitting Trident submarines than that proposed by the Ministry of Defence (MoD).

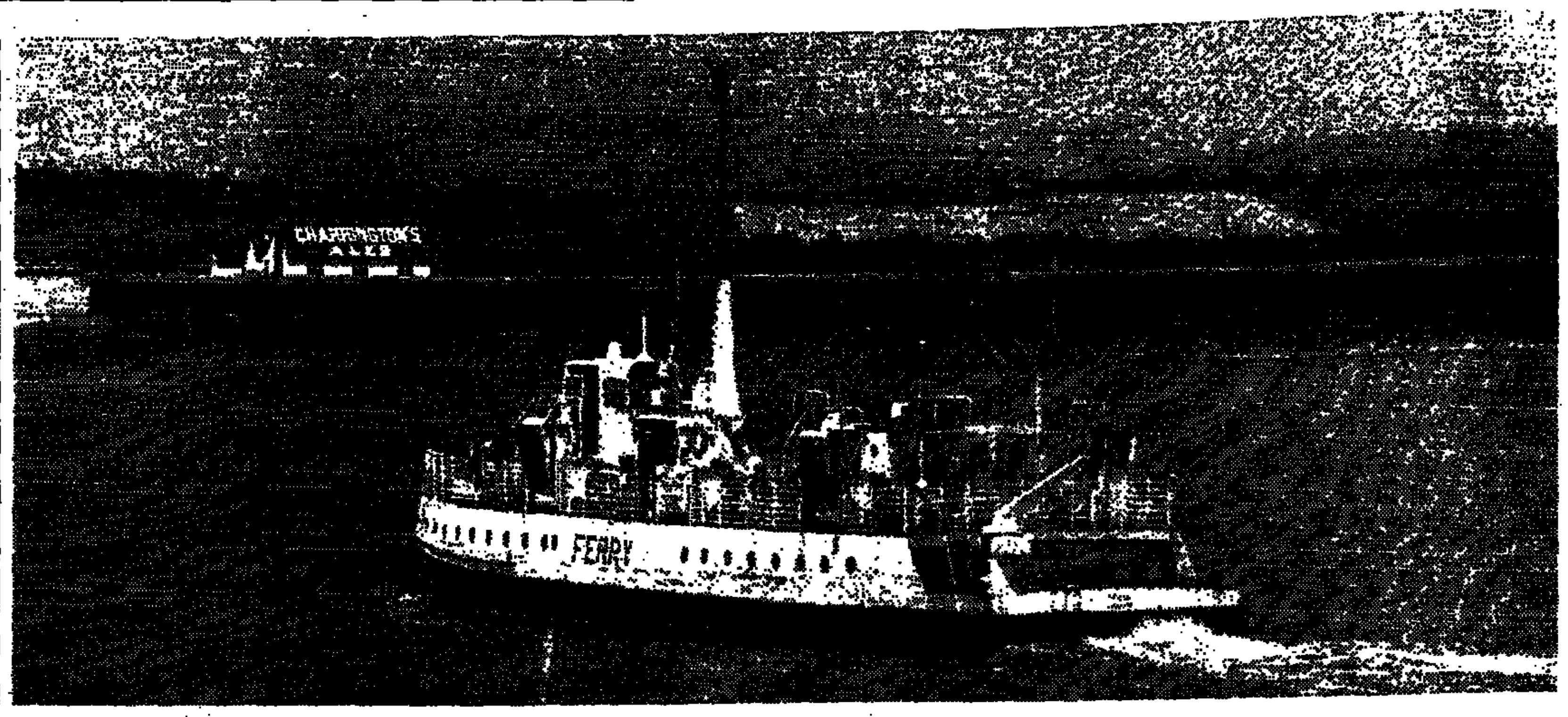
Babcock Thorn, a joint venture between Babcock and Thorn EMI, also proposed that the two yards – Rosyth and Devonport, in south west England – be brought under a single management structure. They have been managed by private operators since 1987.

It proposes that the two yards each specialise, with Rosyth concentrating on submarines and Devonport on surface ships.

The MoD is reviewing the navy's requirements for dockyards. Devonport, managed by Devonport Management (DML), whose partners are Brown and Root of the US, Balfour Beatty and Weir Group, claims it could handle all the navy's work, which could mean the closure of Rosyth.

The crucial issue in the contest between the two yards is a facility for refitting Trident submarines from 1998. The MoD has already spent £157m on laying foundations of two docks for Trident submarines at Rosyth. The second stage of its project would involve spending a further £480m on an enclosed dockyard. Yesterday, Babcock Thorn unveiled a cheaper version of the facility which would cost £267m. It said it would dispense with the covered dockyard since almost all refitting work takes place inside the submarines.

Mr Allan Smith, managing director of the dockyard, admitted that the £267m was more than the £200m which DML says its rival project would cost. But he said it was a safer location and would make use of the project on which the MoD had already spent £157m, with a further £15m to come.



Ferry operator told to stop service or face Crown's displeasure

OPERATORS of one of the oldest ferry services in Europe have been told to cease services or face the Crown's displeasure, writes Tim Burt.

Ferries linking Essex and Kent across the Thames have operated continuously since 1086. But lawyers acting for the Crown say the service must stop because it "is a breach of our client's rights".

The Crown Estate, which owns and purchases land and property on behalf of the Queen, has demanded an immediate suspension of crossings between Tilbury and Gravesend (pictured above), operated by White Horse Ferries. White Horse has decided to defy the order and continue services for the 250,000 passengers who use the crossing each year. It said it purchased rights to the crossing last year when it bought the route from Sealink-Stena, the ferry operator.

Crown Estates said that route licence was non-transferable and should not have been sold. "They don't have a licence as far as we're concerned," a spokesman said. The Crown says White Horse has the right to carry passengers in one direction only, from Gravesend to Tilbury, but not back again. River licences from Tilbury are issued at the discretion of the sovereign, who inherited them in the 15th century.

Mr Peter Lay, joint chief executive of White Horse, fears that the Crown Estate, which saw the value of its property fall by more than 12 per cent in 1990, is trying to extract a high price for a new Tilbury licence. "Their motives are financial. They want to hold us to ransom," he said. Crown Estates declined to comment on the possible costs of a new licence but hoped talks could resolve the dispute before services are suspended.

A move by White Horse to pacify the Crown by carrying passengers free of charge from Tilbury to Gravesend were withdrawn yesterday after Mr Lay decided raising fares on journeys from Kent would not cover the shortfall.

Labour faces internal splits on Europe

The Opposition is divided over calls for a national referendum over Maastricht, writes Ivo Dawnay

MR GERALD Kaufman, the opposition Labour party's outgoing spokesman on foreign affairs, is enjoying a combative swansong by turning his attention to the Maastricht treaty.

Last weekend, he challenged the government to spell out its plans for the future of European union.

He warned that Ireland's "yes" in its referendum last week would do nothing to solve the quandary on how to proceed without splitting the Conservative party.

"Unless and until a clear way through is shown for the Treaty, it will be improper for the government to ask Parliament to pass the Maastricht Bill," Mr Kaufman said.

His own party, however, is facing a potential split over Britain's future in Europe.

The Danish referendum result has left Labour quite as divided over the future of Maastricht as the government.

In the last 10 days, Mr Neil Kinnock, the outgoing leader, has declined the presidency of the confederation of socialist parties of the EC and hint that Labour just might support a referendum on Maastricht.

That mood is beginning to alarm Labour "Europeans" who fear the party is now in danger of sacrificing its hard-fought struggle for credibility on the continent for a tactical victory in Westminster.

Yet there are probably no more than 25 anti-Europeans in the Parliamentary Labour Party. The real threat is now coming from a new pro-European faction, driven by the newly-reformed Tribune group.

They are arguing that the Danish referendum outcome offers an opportunity to reopen the treaty negotiations to address Labour's demands on issues such as democratic accountability of Community institutions and British adhesion to the social chapter.

Such arguments provoke despair among Labour Europhiles who say any short term gain from defeating the government on ratification would be lost in permanent damage to the party's cross-frontier relationships.

Mr Giles Radice, the Labour MP, said: "It is essential that Labour sticks to its strategic position as a pro-European party.

"It would be disastrous if we allowed short term tactical consideration to guide our decisions in the next few months."

Socialists in Brussels fear that Labour is again demonstrating its unreliability as a partner and a general lack of seriousness over the European project.

That view is strongly held by Labour's 49 MEPs who are arguing strongly that the UK party should abstain when the the Maastricht legislation returns to the Commons.

The European issue could pose a dilemma for Mr John Smith, the favourite to succeed Mr Kinnock as leader. He has endorsed criticism that Maastricht does not go far enough. But he has also stressed the need to work closely with Labour's European allies. His instincts will be to argue for another neutral abstention when the legislation comes to a vote.

Yet with Labour in its current, rebellious mood there is a danger that, just months after taking office, he could be faced with one of the party's biggest shows of indiscipline since the bad old days of the early 1980s.

NEWS: UK

Wellcome launches £1m Aids programme

By Clive Cookson, Science Editor

WELLCOME, the UK pharmaceutical group, yesterday launched a charitable programme called Positive Action "to help meet the global challenge of HIV and Aids".

Start-up costs will be about £1m, but Mr James Cochrane, European operations director, said the company's commitment was open ended.

Sales of the company's best-selling Aids drug Retrovir (AZT) are expected to exceed £200m this year.

Positive Action consists of four main initiatives:

- Support for Aids education and care in the community.
- Action to prevent HIV infection and care for Aids patients in developing countries.
- Improved services for children affected by Aids.
- Developing policies for the disease in the workplace.

Wherever possible Wellcome will join existing organisations to promote Positive Action. For example, its partner in the developing countries initiative is the Population Council, based in New York, which has experience of community-based health work in Africa. "We are firmly committed to a response to HIV and Aids which goes beyond producing effective medicines," said Mr Cochrane.

The company concedes that its critics, who have attacked the company for making excessive profits from Aids, might see Positive Action as a public relations initiative. One executive insisted: "To the cynics I would say: Wait and see. Maybe we will convince you over time."

The Terence Higgins Trust, a UK Aids support group, welcomed the initiative. Mr Nick Partridge, chief executive, said the announcement "will go a long way to reversing the very severe criticism Wellcome has come up against in the past".

The company said the announcement is unconnected with next month's Wellcome share offer, expected to raise £2bn for the Wellcome Trust.

Wellcome results, Page 19

Business travellers shift from air to road and rail in recession

By Daniel Green

MOST British companies are encouraging employees to travel by road and rail rather than air in response to the recession, says a report published yesterday.

The amount companies spent on rail travel rose by two-thirds to £2bn in 1991 compared with 1989. Spending on air travel fell 21 per cent to £4.5bn over the same period, according to an American Express report on travel and entertainment.

The fall in spending on air travel did not necessarily reflect a fall in passenger numbers. "People are also being encouraged to change to lower class seats," said Mr Jim Jamison, vice president of travel management services at American Express.

The effect of recession were also seen in a 14 per cent fall in spending on hotels. This was partly compensated for by a rise in spending on fuel, perhaps indicating that staff were encouraged to drive home after a day in the field, rather than spend the night in a hotel.

The total amount spent on travel and entertainment fell from £20bn in 1989 to £18bn last year. Some 37 per cent was incurred on overseas trips.

The fall was partly a result of declining employment, said Mr Donald Osborne, the author of the report. Those companies which have survived over the last two years saw spending rise by 4 per cent. Retail prices rose 14.2 per cent over the same period.

Business travel and entertainment accounted for 6.6 per cent of total business costs in 1991 and amounted to about £1,000 per employee.

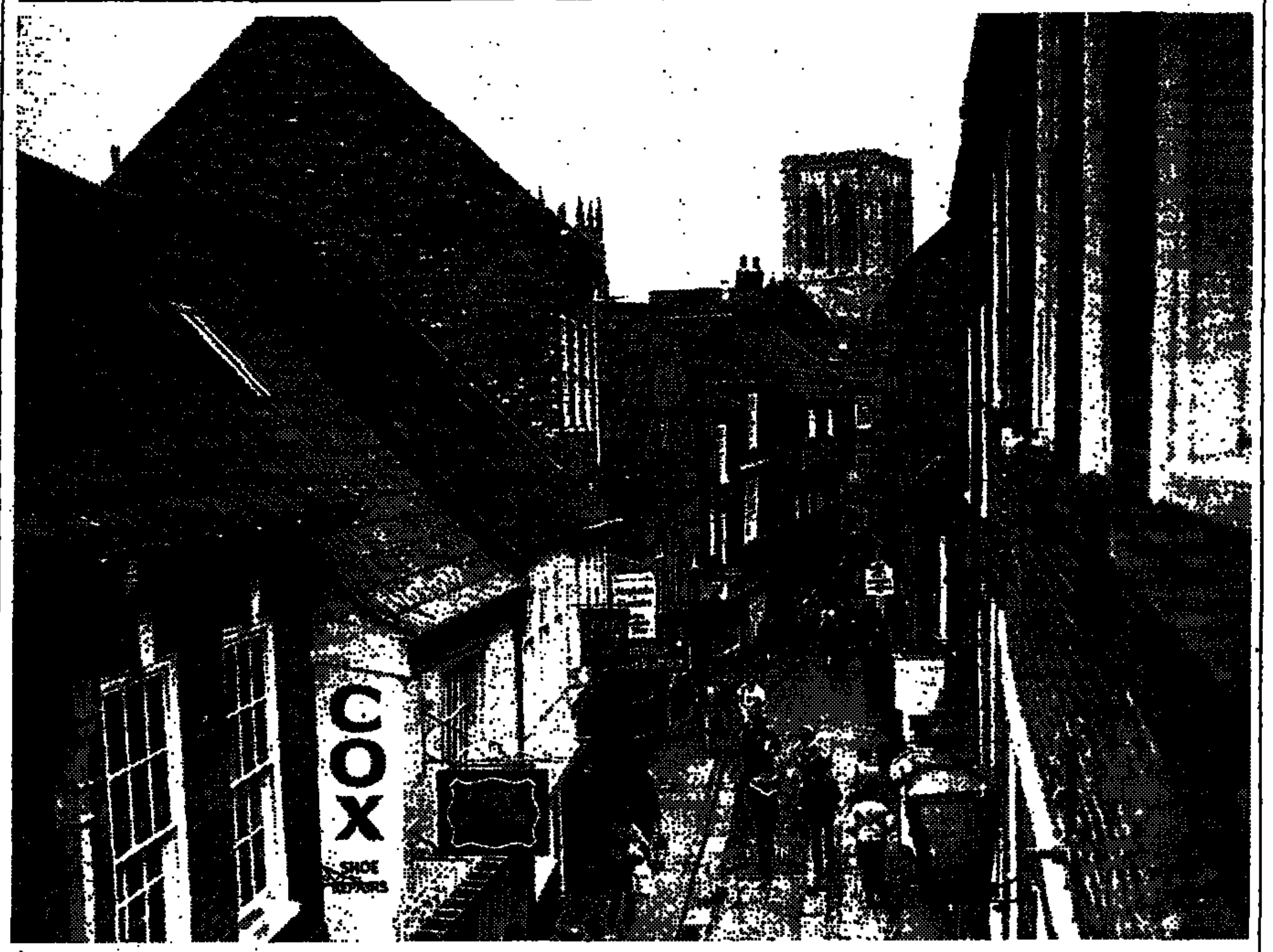
Four out of five businesses expected spending to increase in line with, or faster than, revenues.

The report also said the number of women business travellers had risen to 17 per cent of the total in 1991 from 11 per cent in 1989.

Mr Jamison said many hotels were now concentrating on providing more convenient facilities for women travellers as their numbers increased.

In spite of the sums spent, almost half the 407 companies questioned did not have a written travel policy. Furthermore, of those questioned 44 per cent said they had no arrangements for securing corporate discounts.

Nevertheless almost one third said they were not yet satisfied with their efforts to control this travel spending.



The Shambles in York, built in the 13th century as a butchery centre, is set to lose its last butchers' shop. Dewhurst has earmarked its branch in the street for closure as part of a national programme to cut its outlets from 1,000 to 400. One of the best-preserved medieval streets in Europe, the Shambles – formerly the Fleshammels, meaning meat counters – has 47 shops, most of which were once butchers. Dewhurst said: "The Shambles really is a tourist haunt now. It's not the ideal trading environment for a butchers."

Britain in brief

War of words breaks out at Lloyd's

A war of words has broken out between rival groups of Lloyd's Names, the individuals whose assets support underwriting at the insurance market.

First, one group of 110 Names requisitioned an extraordinary general meeting in a bid to focus attention on the "disastrous state of Lloyd's regulation". The dissident Names are also calling for the council, the market's governing body, to be replaced and are pressing for a series of reforms to the market's regulation and governance.

Later in the day, 220 working Names – those who have jobs with agencies and brokers on the market – presented a separate petition, reaffirming their confidence in the market's governing Council.

The move comes two days ahead of an annual general meeting on Wednesday when the market will announce losses of £2bn for the 1989 year, the biggest deficit ever recorded by the market. It follows the controversial rejection by Lloyd's last week of a bail-out plan to help the hardest hit Names pay their losses.

Calls intensify on Imro report

Calls for the government to publish the report by Imro, the investment management regulatory organisation, into the supervision of the Maxwell companies have intensified.

MPs campaigning on behalf of the Maxwell pensioners believe that the way the government is allowing the row over publishing the report to continue while extracts are selectively leaked jeopardises the work of the special unit which has been set up to recover pension fund assets from financial institutions.

Mr Frank Field, one of the MPs leading the campaign on behalf of the pensioners, has warned the government that it risked accusations of a "cover up" if it continued to allow attention to focus on what might remain secret in the report, rather than the role of the banks and others.

Backing for maternity rights

Labour has challenged Mrs Gillian Shephard, the employment secretary, to drop Britain's opposition to an initiative by the European Parliament on harmonising maternity leave in the EC.

At a Westminster news conference, Mr Tony Blair, the opposition employment spokesman, was joined by MEPs to press the case for every mother in the EC having 14 weeks paid leave, remunerated at 80 per cent of their regular salaries.

Pointing out that Denmark allows mothers a total of 28 weeks leave at 90 per cent of salary, Mr Blair said that the UK's regulations of six weeks leave were among the worst in the Community and were also hampered by strict eligibility criteria.

Hofesa to set up UK plant

Hofesa, the Spanish group, is to establish its first British plant to manufacture window blinds at Tipton, West Midlands. It is the second Spanish company in the last year to invest in the region: the first was Ficosa, the motor components group. Hofesa is investing £600,000 and, initially, will employ 23 people.

More pupils stay at school

Last year saw a dramatic rise in the number of sixteen year-olds staying on at school in England and Wales, according to the UK Careers Service.

The report shows that of the half million pupils who reached school leaving age last summer, 61 per cent – the highest proportion ever – remained in full-time education. In 1990 it was 53 per cent, and in 1989 48 per cent.

If youth training is included, 76 per cent of those eligible to leave school remained in full-time education or training last year, compared with 70 per cent in 1989. For the first time in recent decades that puts England and Wales within reach of France and Germany, where the full-time staying-on rate is between 80 and 90 per cent – though many doubt the comparability of youth training, which accounted for 15 per cent of last year's school leavers, with continental training schemes.

Tribunals hear extra cases

The number of cases claiming equal pay for equal value being brought to industrial tribunals more than tripled last year compared with 1990, according to an analysis by Industrial Relations Services, the pay and conditions group.

Much of the increase was accounted for by about 600 cases brought by domestic staff against four Northern Ireland health boards claiming equal pay with porters. Almost 90 per cent of the applications involved just six employers.

State doctors on the beat

Doctors spend two or three hours a day walking around hospitals rather than treating patients, according to new research. A study of 10 state hospitals by Andersen Consulting, management consultants, showed that junior doctors walked six or seven miles during a typical shift.

Dr Nicholas Edwards, of Andersen Consulting, said: "Highly skilled hospital staff, like doctors and nurses, are having to spend time walking around hospitals rather than looking after patients."

New Jaguars take to the road

Deliveries are beginning this week of the fastest and, at £350,000 each, the most expensive road-going Jaguar cars ever built. The XJ220 cars have been engineered and are being produced by JaguarSport, a 50-50 joint venture company set up in 1988 between Jaguar – now owned by Ford – and Mr Tom Walkinshaw's racing organisation to develop high-performance Jaguar models.

In a Nutshell

How to keep it all in the family

An exchange programme which allows the next generation of a family company to gain experience working in another family firm is one of the services to be provided by the Stoy Centre for Family Business, to be launched later this month.

The centre, which has been set up by accountants Stoy Hayward, is intended to generate ideas, stimulate discussion and disseminate knowledge about all aspects of the family business. Family-controlled firms account for 75 per cent of all UK companies, Stoy calculates.

Other services to be provided include a forum to lobby for the interests of family businesses; help in finding non-executive directors; a newsletter, seminars and conferences.

Membership of the centre is open to companies where more than 50 per cent of the shares are owned by one family; a single family group effectively controls the business; or a significant proportion of the senior management is drawn from the same family.

Contact Moira Lewis, Stoy Centre for Family Business, 8 Baker Street, London W1M 1DA. Tel 071 486 5888. Annual subscription £110 plus VAT.

Lessons in Customs and practice

UK companies will in future take more responsibility for managing the Customs' regulations which apply to exports and imports.

Historically, Customs has provided exporters and importers with close assistance but in future, it will monitor companies' own systems.

Help for businesses with the implications of self-regulation and with the setting-up of control systems will be provided at a one-day seminar on July 2 to be run by accountants Grant Thornton, Customs and Excise and the Department of Trade and Industry.

Contact Grant Thornton. Tel 071 383 5100. Fee £176.50 inc VAT.

A licensing deal to use the name of a prestigious event like Wimbledon or a popular cartoon character can give a big boost to sales. **Charles Batchelor** reports

Anyone for tennis?

A small west London company, G Ettinger, has spent 80 years establishing a name for itself as a designer and manufacturer of high quality leather goods and fashion accessories.

Until a year ago, growth was steady rather than spectacular but it has since taken off on the back of a licensing agreement with the All England Lawn Tennis & Croquet Club, home of the Wimbledon championship. Ettinger's use of the Wimbledon logos – crossed tennis rackets and a stylised letter W, both in the club's distinctive purple and green colours – has given a significant boost to the company.

Sales of bags, belts and wallets with the Wimbledon logo are expected to account for up to £100,000 of Ettinger's £1.5m turnover this year, estimates Robert Ettinger, marketing director. The Wimbledon line is now on sale in two shops at the championship site, at upmarket outlets such as Harrods and in leather goods shops around the country. "We have opened up dozens of large new accounts," says Ettinger. "Having products with a famous name attached makes selling so much easier."

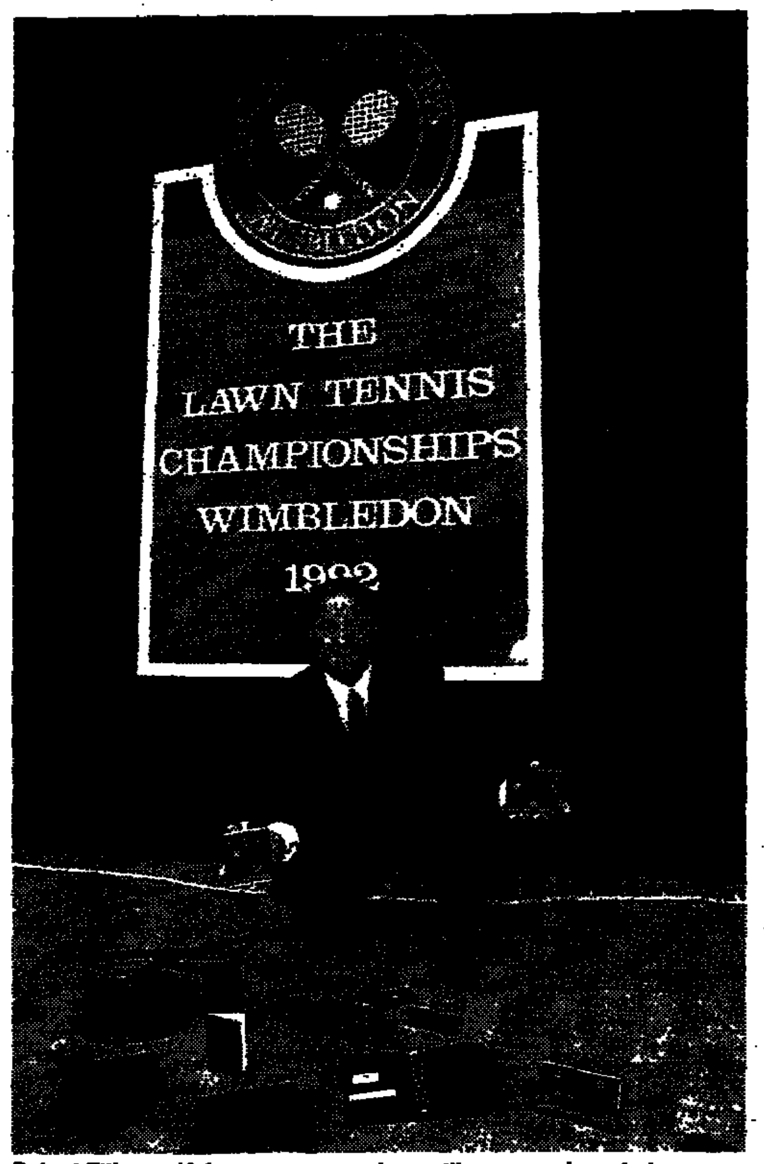
Ettinger acknowledges that although he initiated the link with Wimbledon, he was concerned that licensing would not be appropriate for a small company. He feared it would require enormous financial resources and an army of sales reps.

In fact, small firms may be better placed to win licensing deals than large companies, says Tony Gadsby Peet, vice-president in charge of licensing at International Management Group (IMG), which arranges sporting promotions. "Bigger companies tend to have a well established reputation and most of their activity is designed to promote their own name," he comments.

"A small company will pay more attention to detail and will devote more attention to a licence because it is worth more to it in terms of its overall business," adds Rob McCowen, marketing director for the All England Club.

The licensor will, however, be looking for a well-run small business which will not damage the "property" it wants to license. "We have to make sure the company is not so small that it is not financially viable," says McCowen. "It would depend on the product. If the company made clothing, you would expect a high level of sales and the company would have to make a significant investment."

"You want a company with an established reputation and established distribution networks," notes Gadsby Peet. There is no point licensing a brand name to a company which is too small to exploit the opportunity.



Robert Ettinger: 'A famous name makes selling so much easier'

Eros Products, a north London company, established itself as a distributor of plastic housewares and children's lunchboxes and drinking flasks before signing up its first Disney licence in November 1989. "We had a customer base among the multiple stores; a broad range of products; and a good position in the low to medium price range," says Joseph Yeung, financial director.

Eros now has no fewer than 15 licences from companies such as Disney, Mattel and Warner Brothers for "characters" including Mickey Mouse, Winnie the Pooh, Postman Pat, Barbie and Batman. Character merchandising accounts for 65 per cent of turnover, projected to be £6m this year.

The company now has such a well established position in the field of character merchandising that it can afford to turn away propositions which do not meet its own requirements. It turned down approaches to license the Gazza name, because the former Tottenham footballer Paul Gascoigne would not attract a broad enough public. "We are not interested in short-run licences or characters who are too obscure," says Yeung.

Copywrite Stationery, a Duxford-based company which makes 90 per cent of its £15m sales from folders, pencils and rucksacks bearing licensed characters, checks whether characters have been successful on other products and that they appeal to retailers.

Copywrite discusses "properties" and market trends at regular meetings with other distributors of character merchandise (none of them in the stationery area), says Mike Redfern, managing director and joint founder.

"We also try to get some customer reaction," he adds. "We mock something up and ask Woolworths if they like it. The licensors hate you doing that but I would advise it."

Copywrite is very dependent on its licensors but makes sure it has a wide spread of characters across its three main ranges: children, students and fashion.

Redfern says he makes sure that the characters he picks get good television exposure. He looks for guaranteed repeats as well as the initial 13-week run of a TV series. Gadsby Peet advises licensees to ensure that associated TV programmes are actually being made and are not just being discussed.

A company which is looking for licences can either approach a licensor direct or use a licence agent. The agents who handle characters or brands are a different breed to those who deal with technical product licences, notes Gadsby Peet.

When drawing up a contract there are four main areas to be considered:

DURATION

The typical contract is for between one and three years though one year contracts do not really allow the licensee to obtain the maximum benefit so they should negotiate for an option on renewal where possible. A company will not want to commit itself to developing new products for a very short-term arrangement.

ROYALTIES

The level will depend on the products covered by the contract. Wimbledon normally agrees "single figure" royalties with its licensees because it is selling what it believes is a durable brand image and not a character which may only have a short shelf-life.

Royalties have risen over the past decade from a normal 5 to 6 per cent to around 10 per cent, says Gadsby Peet. But this is an average figure and low-margin items such as confectionery and food would carry a lower royalty than jewellery. Copywrite spends nearly £1.5m a year on royalties on turnover of £15m, says Redfern.

MINIMUM FEES

Licensors will usually set a minimum royalty figure to ensure that the licensee works hard to exploit the character or the brand. A licensee who agrees to a 10 per cent royalty with a minimum fee of £5,000 must expect to sell at least £50,000 worth of goods to cover his royalty payment.

TERRITORY

Licensees would normally expect to have exclusive rights for a particular character or name and an agreed range of products in a set geographical area. Ettinger started with European rights and recently negotiated the right to sell to duty-free shops around the world except for Japan. US licensors are normally only interested in selling Europe-wide rights, rather than single-country territories.

Signing the rights to a character or brand is only the start of the relationship, the experts warn. The characters and the products must be kept "fresh". Eros arranges for regular redesigns of the illustrations which appear on its lunchboxes and flasks (the licensor must approve the drawings and the colours used) and constantly improves on the products themselves.

But if the relationship is properly managed, it can bring many benefits to the licensee. As well as increased sales, the branded products often carry higher margins than their unbranded rivals. A successful licence can also improve the licensee's negotiating power with suppliers or with customers.

One potential customer offered Eros unattractive credit terms when it was initially approached. After several months the company came back with an improved offer when it saw how well Eros's products were selling through rival outlets.

Banishing hot air from the office

The British have a traditional affection for warm beer and muggy offices but just as cooled lagers have frozen out many traditional ales, so more and more businesses are turning to air conditioning, writes Charles Batchelor.

This can make sense even in Britain's unpredictable climate because the sun's rays on large city centre offices cause them to store heat and can push internal temperatures up to 10 degrees higher than those outside.

Often the only affordable way to obtain the effects of air conditioning in many older and smaller offices is to install a mobile air conditioner. What to Buy for Business* lists 16 suppliers and 44 different machines in a review of air conditioners in its June edition.

A mobile air conditioner will not achieve the same uniform degree of coolness as a built-in system and many of the benefits will be lost if a window has to be opened to allow the exhaust hose to vent into the open air. But they can be used as spot coolers by one or two desks.

Users will face a choice between water cooled air conditioners, which require topping up and more elaborate maintenance, or the air cooled variety which have recently become more popular.

What to Buy selects three best buys ranging in price from £700 to £1,495 and six good value models from £599 to £1,325. However, it estimates that buyers should be able to negotiate a 20 per cent discount on one-off purchases and suggests renting for short-term use. A week's rent usually works out at one-tenth of the purchase price.

The unpredictability of the British weather means it is difficult to predict when you may need to rent and renting or buying in the middle of a heatwave will make it difficult to obtain the best deal.

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Year (£ 000's)	91	92	93
T/O	650	673	740
GP	347	350	377
Op Profit	48	42	54

Please write to:
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London SE1 9HL

BUSINESSES FOR SALE

Bailiffscourt Hotel and Restaurant

The Joint Administrative Receivers, Peter Copp and Ray Hocking of Stoy Hayward offer for sale the above property located in Climping, West Sussex, as a going concern.

- 20 Letting Bedrooms
- Restaurant Seating 50
- 2 Conference Rooms
- Bar & Residential Lounge
- Swimming pool & tennis courts
- Set in 23 acres of grounds
- Current turnover approx. £12,000 per week

Humberts LEISURE

For further details please contact Jeremy Crawford of the receivers agents Humberts Leisure, 25 Grosvenor Street, London W1X 9FE. Tel: 071-629 6700.

STOY HAYWARD

Accountants and Business Advisers A member of Horwath International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

8 Baker Street, London W1M 1DA. Tel: 071-486 5888. Fax: 071-935 3944

Touche Ross

Baillie Longstaff Limited and subsidiaries

(In Administration)

The Joint Administrators, D. L. Morgan and N. R. Lyle, offer for sale the business of Baillie Longstaff.

Baillie Longstaff Limited

- ☐ Insurance intermediary for household and motor insurance, and extended warranties on electrical household appliances.
- ☐ Client base includes agreements with mail order companies to provide cover for their clients.
- ☐ Turnover in 1991 £1,040,000.

GIS (UK) Limited

- ☐ Insurance intermediary for household and motor insurance.
- ☐ Clients consist of customers of the mail order company Grattan PLC.
- ☐ Turnover in 1991 £420,000.

LBGSU(I) Limited

- ☐ Insurance intermediary for household and motor insurance.
- ☐ Sole client is Lloyds Bank Group Staff Union for the last 10 years.
- ☐ Turnover in 1991 £220,000.

For further information please contact Andrew Brannon or Ann Quartermain at the address below.

Deloitte Touche Tohmatsu International

PO Box 810, Friary Court, 65 Crutched Friars, London EC3N 2NP. Tel: 071 936 3000. Fax:071 480 6958.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

HEALTH AND LEISURE COMPLEX

Profiles Sports & Leisure Limited

The Joint Administrative Receivers, Christopher J Barlow FCA and Nigel J Vooght FCA offer for sale as a going concern the business and assets of this Sports and Leisure company which operates in the Orpington, Kent area.

Principal features of the business include:

- 122 years unexpired lease
- *approximately £1.0 million turnover*
- ski slope with lifts and floodlighting
- leisure centre with squash and tennis courts, swimming pool, sauna, gymnasium, etc., beautician and toning salon, snooker room, restaurants and licensed bars

For further details please contact Jim Bradney or Jack Ferguson at Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ. Telephone 071-606 7700. Fax 071-606 9887.

Cork Gully is authorised in the name of Coopers & Lybrand by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Cork Gully

PLASTIC INJECTION MOULDING COMPANY FOR SALE

High precision plastic moulders, well established, modern plant, good technical expertise, with well known customer list.

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BS 5750 Registered

T/O 1991 c. £500k

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Appear in the Financial Times on Tuesdays, Fridays and Saturdays.

For further information or to advertise in this section please contact Melanie Miles on 071 873 3308

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

LEGAL NOTICES

Advertisement of creditors' meeting under Section 48(2) of the Insolvency Act 1986. Company No. 1660488 *Registered in England* and Wales.

TIGER LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a *meeting of the unsecured creditors* of the above-named company will be held at Orchard House, 10 Albion Place, Maidstone, Kent ME14 5DZ on 2 July 1992 at 11.00 am for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act. Creditors are only entitled to vote if (a) they have delivered to us at the address shown above *no later than* noon on 1 July 1992, written details of the debts they claim to be due to them from the company and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and (b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf. Please note that the original proxy by or on behalf of the creditors must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Signed N J Vooght Joint Administrative Receiver
Dated 17 June 1992

ATLANTIC MEDICAL LIMITED
(In Administration)

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a meeting of the creditors of the above named company will be held at The Great Hall, The Insurance Hall, 20 Aldermanbury, London EC2V 7HY on *Monday 29 June 1992 at 11.00 am* for the purposes of receiving a Statement of Affairs showing particulars of the company's assets, debts and liabilities and to nominate a person to be liquidator and, if thought fit, to appoint a Liquidation Committee, pursuant to Sections 99, 100 and 101. Creditors wishing to vote at the meeting must (unless they are individual creditors attending in person) lodge their proxies at Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ no later than 12 noon on Friday 26 June 1992. Creditors must lodge a proof of debt before voting at the meeting and, unless they surrender their security, secured creditors must give particulars of their security. A list of names and addresses of the company's creditors will be available for inspection, free of charge, at Shelley House, 3 Noble Street, London EC2V 7DQ on Thursday 25 June 1992 and Friday 26 June 1992 between the hours of 10.00 am and 4.00 pm.

Signed I.D.B. Bond Joint Administrator
Dated 17 June 1992

ATLANTIC MEDICAL HOLDINGS LIMITED (In Administration)

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a meeting of the creditors of the above named company will be held at Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ on Tuesday 30 June 1992 at 3.00 pm for the purposes of receiving a Statement of Affairs showing particulars of the company's assets, debts and liabilities and to nominate a person to be liquidator and, if thought fit, to appoint a Liquidation Committee, pursuant to Sections 99, 100 and 101. Creditors wishing to vote at the meeting must (unless they are individual creditors attending in person) lodge their proxies at Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ no later than 12 noon on Monday 29 June 1992. Creditors must lodge a proof of debt before voting at the meeting and, unless they surrender their security, secured creditors must give particulars of their security. A list of names and addresses of the company's creditors will be available for inspection, free of charge, at Shelley House, 3 Noble Street, London EC2V 7DQ on Friday 26 June 1992 and Monday 29 June 1992 between the hours of 10.00 am and 4.00 pm.

Signed I.D.B. Bond Joint Administrator
Dated 16 June 1992

THE INSOLVENCY ACT 1986
WILTACRE LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act 1986 that a meeting of creditors will be held at The Galleria, Station Road, Crawley on 24th June, 1992 at *10.30 am for the purposes mentioned in Sections 99 and 100* of the said Act. Creditors wishing to vote at the meeting must lodge a proxy, together with a statement of their debt, at the offices of Robson Rhodes, The Galleria, Station Road, Crawley, not later than 12.00 noon on 23rd June, 1992. A list of the names and addresses of the company's creditors will be available for inspection, free of charge, at the offices of Robson Rhodes, The Galleria, Station Road, Crawley, on 22nd June and 23rd June, 1992 between the hours of 10.00 am and 4.00 pm.

Dated this 10th day of June, 1992.
P. D. WILLIAMS, Director.

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MARTYN GREGORY

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Until 3 July.

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Tel: 071 839 3731

COMPANY NOTICES

GENERAL MOTORS CORPORATION

Further to the DIVIDEND DECLARATION OF 22nd May, 1992 NOTICE is now given that the following distribution will become payable on or after 16th June, 1992 against presentation to the Depository (as below) of Claim Forms listing Bearer Depository Receipts.

GROSS DISTRIBUTION	2.00 CENTS
LESS 15%	
US WITHHOLDING TAX	0.3000 CENTS
	1.7000 CENTS PER UNIT
CONVERTED 1.8585	0.9147 PENCE PER UNIT

Barclays Bank PLC
Stock Exchange Services Department
168 Fenchurch Street, London EC3P 3HP

CONTRACTS & TENDERS

Treuhandanstalt

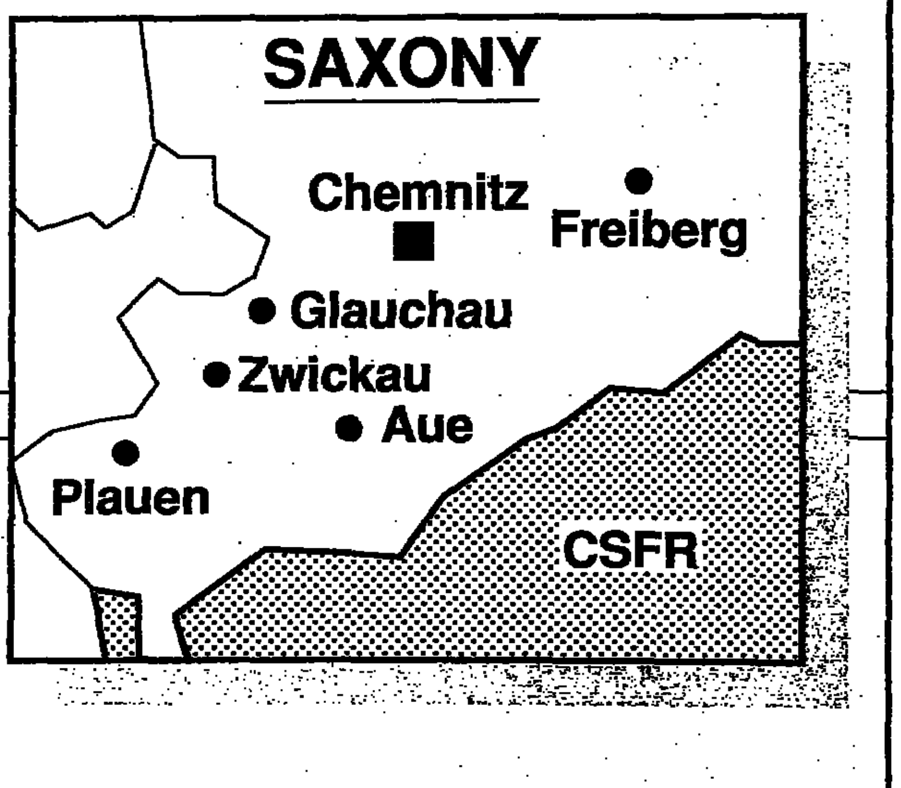
(The government agency privatising eastern Germany property)

Closing date: August 11, 1992

Tender for the sale of

INDUSTRIAL COMPANIES

by Treuhandanstalt Chemnitz Branch in the south of Saxony/Germany



Company-number, name, location *(in brackets: main area of expertise / present number of employees)*

Construction/Building Material

(CH-1) Bosenhof Ausbau GmbH
O-9633 Neukirchen
(Painting, floor laying, dry insulation/14)

(CH-2) Chemnitzer Baustoff- und Fertigteil GmbH
O-9082 Chemnitz
(Building materials, pre-fabricated concrete slabs, steel parts, pre-fabricated houses/1400)

(CH-3) Erzgebirgische Bau GmbH Annaberg
O-9300 Annaberg-Buchholz
(Building construction and civil engineering/135)

(CH-4) Technische Gebäudeausrüstung Annaberg GmbH
O-9300 Annaberg-Buchholz
(Heating and sanitation equipment/86)

Chemicals

(CH-5) Fettchemie GmbH (Plant Mohsdorf)
O-9010 Chemnitz
(Chemical products for the textile, leather and paper industries, phosphonic acids/85)

(CH-6) SAXONIA Schmiertechnik GmbH
O-9430 Schwarzenberg
(Lubricants, oils and greases/180)

(CH-7) Werdau-Chemie GmbH
O-9620 Werdau
(Liquid spinning materials, cosmetics/16)

Electrical engineering

(CH-8) Elektro-Feinmechanik GmbH Mittweida
O-9250 Mittweida
(Control units for TV-tubes, inductive components/275)

(CH-9) Plastverarbeitung Freiberg GmbH
O-9200 Freiberg
(Plastic products for electrical industry/29)

Wood/Furniture

(CH-10) Bemefa Metallmöbel GmbH
O-9054 Chemnitz
(Metal office chairs/131)

(CH-11) BOX-möbel GmbH
O-9438 Johanngeorgenstadt
(Furniture for young people, wardrobes, audio/TV furniture/100)

(CH-12) Olbernhauer Möbel GmbH
O-9330 Olbernhau
(Hotel room furnishings, interior fittings/65)

(CH-13) rationat Küchenmöbel Programme GmbH
O-9394 Eppendorf
(Kitchen furniture/348)

(CH-14) Sägewerk und Sägewerkstechnik GmbH
O-9417 Zwönitz
(Timber, planed materials/31)

Mechanical/Agricultural engineering

(CH-15) Anlagenbau GmbH Penig
O-9294 Penig
(Structural steel engineering, maintenance, assembly/21)

(CH-16) Anlagenbau und Maschinen-Service GmbH (AMS GmbH)
O-9633 Meukirchen
(Agricultural engineering, servicing/47)

(CH-17) Chemnitzer Spezialmaschinenfabrik GmbH
O-9002 Chemnitz
(Meat processing machines/67)

(CH-18) Eisenwerk Erla GmbH
O-9435 Erla
(Grey iron castings, job casting/247)

(CH-19) Landtechnik- und Stahlbauzentrum Rochlitz GmbH
O-9291 Naundorf
(Container, agricultural engineering, structural steel engineering/47)

(CH-20) Sächsische Aluminium- und Metallwarenfabrik Glauchau GmbH
O-9610 Glauchau
(Galvanizing, metal working/65)

(CH-21) Vorrichtungsbau Hohenstein GmbH
O-9270 Hohenstein-Ernstthal
(Special tools/special machinery, clamping tools/286)

Shoes/Leather

(CH-22) Heimschuh GmbH Zwickau
O-9570 Zwickau
(Ladies' slippers/30)

(CH-23) Kranichschuh GmbH
O-9394 Eppendorf
(Ladies' footwear/180)

(CH-24) Sattler- und Lederwaren GmbH Siebenbrunn
O-9651 Siebenbrunn
(Car seatcovers, parts for car seats/87)

Textiles

(CH-25) Bässler + Ulrich Tuchfabrik GmbH
O-9620 Werdau
(Worsted yarn fabrics, uniform cloth/150)

(CH-26) Camping-Tex GmbH
O-9200 Freiberg
(Camping tents/56)

(CH-27) Color & Black Strickwaren GmbH
O-9135 Burkhardtsdorf
(Ladies' knitwear, jackets and jumpers/28)

(CH-28) Elegantia Strickmoden GmbH
O-9275 Lichtenstein
(Knitwear/71)

(CH-29) Ellefelder Wäschefabrik GmbH i. A.
O-9703 Ellefeld
(Ladies' outer wear, night wear/35)

(CH-30) FERUS Feinstrickwäsche GmbH
O-9630 Crimmitschau
(Jersey undergarments and night wear/230)

(CH-31) Goldspitze GmbH
O-9701 Reumtengrün
(Home textiles/48)

(CH-32) Kinderbekleidung Zwickau GmbH
O-9570 Zwickau
(Children's wear/24)

(CH-33) Lunzenauer Mützen GmbH
O-9293 Lunzenau
(Men's and boys' caps, uniform caps/51)

(CH-34) Mittelbacher Textilfabrik GmbH
O-9126 Mittelbach
(T-Shirts, underwear/31)

(CH-35) Modechic GmbH
O-9103 Limbach-Oberfrohna
(Ladies' underwear/80)

(CH-36) Plauener Spitzen und Stickereien GmbH
O-9900 Plauen
(Lace and embroidery/75)

(CH-37) Seiden- und Garnveredelung GmbH
O-9317 Sehma
(Textured yarns and twists/230)

(CH-38) Textilwerk Gornau GmbH
O-9363 Gornau
(Jersey undergarments/43)

(CH-39) Textilwerke Flöha GmbH
O-9380 Flöha
(Texturizing and dyeing of yarns/368)

(CH-40) Vogtlandmoden GmbH
O-9700 Auerbach
(Ladies' outer wear/150)

(CH-41) Wäschemoden GmbH Obercrinitz
O-9518 Obercrinitz
(Linens, corsets/50)

Others

(CH-42) Chemnitzer Agro-Markt GmbH
O-9055 Chemnitz
(Grain trading/117)

(CH-43) Chemnitzer Werbe- und Verlags GmbH
O-9048 Chemnitz
(Exterior advertising, trade fair construction/27)

(CH-44) Erholungsgebiet Greifensteine/Greifenbachstauweiher GmbH
O-9373 Ehrenfriedersdorf
(Camp sites, lake, other tourist facilities/14)

(CH-45) Erzgebirgische Fleisch- und Wurstwaren GmbH
O-9300 Annaberg-Buchholz
(Meat and sausages/141)

(CH-46) Hydrauflex GmbH
O-9900 Plauen
(Hydraulic pipes/80)

(CH-47) Landhandel Obererzgebirge GmbH
O-9300 Annaberg-Buchholz
(Grain trading, building material warehouses/92)

(CH-48) SPIKA GmbH
O-9022 Chemnitz
(Party games/36)

Tender conditions

1. In accordance with its legal mandate, the Treuhandanstalt Chemnitz Branch intends to sell the aforementioned companies by means of a tender.
   All offered companies are in the legal form of a limited liability company (GmbH). They are all located in the region around the city of Chemnitz. Bids must be for the total share capital of the company.
2. Anyone is entitled to bid.
3. In deciding among the bids, the Treuhandanstalt will take into consideration, among other things, the bid price, *the business plan submitted, promises to maintain or create jobs, and pledges to invest*, each of which will be considered *part of the bid.*
4. Interested parties can obtain further information without charge from the Tender Office Chemnitz Branch. The Treuhandanstalt is not responsible for the accuracy and completeness of this information. Prospective bidders will receive written authorization from the Tender Office Chemnitz Branch to visit the companies on the basis of which additional information will then be provided by company management.
5. Bids are to be submitted in a sealed envelope marked only with the name of the company for which the bid is submitted.
6. Bids *must be received at the Treuhandanstalt Chemnitz Branch, no later than 2 p.m.* (local time), on August 11, 1992 (the "closing date"). They will be opened immediately thereafter in the presence of a notary public. Bids must be in Deutsche Mark and shall remain valid for ninety (90) days after the closing date.
7. Bids must be accompanied by a bond of five (5) percent of the bid value in the form of an irrevocable bank guarantee valid for ninety (90) days after the closing date. The bid bond will be *forfeited if the bidder either* fails to hold its bid open during the required period or refuses to sign a contract in accordance with its bid.
8. The Treuhandanstalt will decide on the bids within ninety (90) days after the closing date. The Treuhandanstalt is *not* bound to accept any bid and may accept a bid other than the highest.
9. To the extent *that a previous owner has submitted a claim seeking return* (in whole or in part) of a company, a sale will require either the approval of the claimant or a decision in accordance with applicable law, section 3a VermG and/or section 2 BInvG.

Office hours of the Tender Office of the Treuhandanstalt Chemnitz Branch are Monday through Friday *from 9:00 a.m. until 4:00 p.m. (local time).*

Dr. Dirk Wefelscheid, Director Treuhandanstalt Chemnitz Branch

For further free information (Company profiles, visit authorizations, etc.) please contact:

Treuhandanstalt • Chemnitz Branch
Neefestraße 119 • D-9044 Chemnitz/Germany

Tel. +49-371-920414
Fax +49-371-920551
Telex 7272 thachz dd

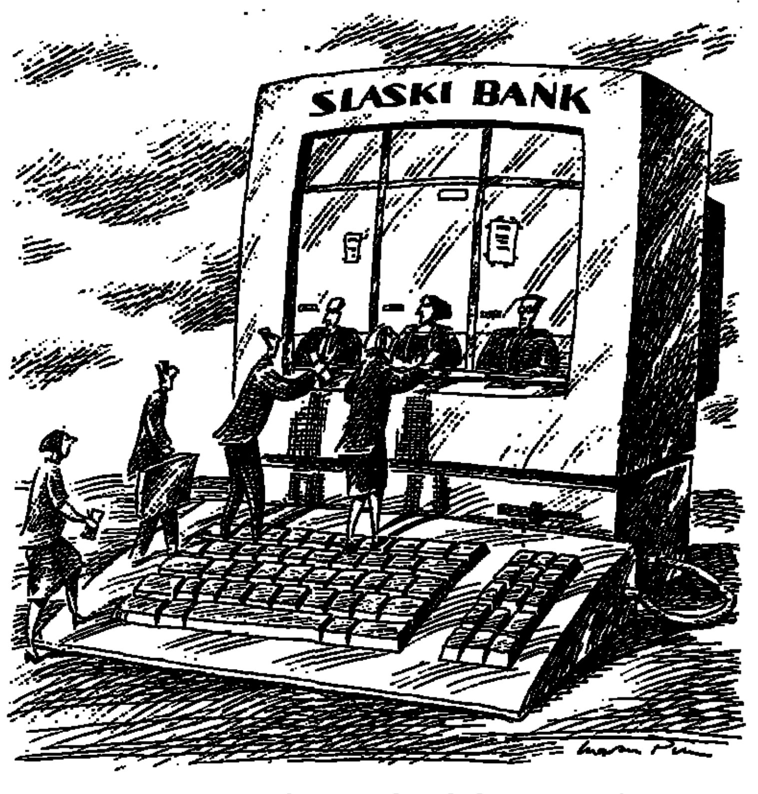
or:

Central Tender Office
Tel. +49-30-31542609
Fax +49-30-31542651

TECHNOLOGY

Acquiring a taste for innovation

Andrew Lawrence describes how retail banking in eastern Europe is adjusting to computerisation



Until last year the Slaski Bank in Katowice, in south west Poland, was much like any other in eastern Europe: customers queued for so long that they took sandwiches to eat while they watched the drawn out and bureaucratic transactions. These could take so long that people looked on a visit to the bank as a social event.

Behind the scenes, things were even worse. Management information that would be considered vital to banks in the west would either be provided late or not at all. Fraud was also a problem.

In 1990 the Polish government created nine new regional retail banks and told them to prepare for competition and privatisation. Marian Rajczyk, president of the Katowice-based Bank Slaski, the largest of the nine, took a quick decision based on his knowledge of western banks: to use technology to improve customer service, management information and establish competitive advantage.

He invited western computer companies to provide software, hardware and to undertake the project management for the computerisation of the bank's 42 branches. He wanted automated teller machines (ATMs), account management, transaction handling, administrative support, and even signature verification. And he stipulated that it had to be done quickly.

As Poland's largest retail bank, and a pioneer in technology, the Slaski project attracted competitive bids. IBM, anxious to establish market share in Eastern Europe, won a fixed-price contract to manage the project, beating off competition from ICL, Digital Equipment and Hewlett-Packard.

The conditions for beginning a project of this kind could not have been worse, says the banking project manager for IBM Eastern Europe, Maciej Borysoglebski. Slaski's managers had seen western banks in operation and they had high expectations of what could be achieved, but little understanding of either computers or western banking procedures. And unlike western banks, they did not have the computer skills, the stable legislative environment or the infrastructure.

The Slaski managers were also unprepared for such a large computer project. Although they were highly motivated, they were not used to "task ownership", says Borysoglebski. "They were given tasks and dates for completion and found it very frightening."

From the outset, Poland's poor telecommunications system was a problem. Banks in western countries are able to connect their ATMs to central computers using leased telephone lines, but this is not yet feasible on a large scale in Poland.

In consequence, each branch operates as a self-contained unit, with the ATMs only able to access data held on the local IBM AS/400 minicomputers in each branch. Only when the telecommunications infrastructure is in place will the machines be linked on a network.

The lack of telecommunications support created another problem for Slaski: how to verify that account holders were who they said they were. This led to Slaski's biggest innovation. Using a software package called Infosign from Inform, a German software house, a customer's signature can be called up electronically on the personal computer workstations for immediate comparison.

IBM chose to use a banking software package from the German software company Actis in order to avoid costly application development. But this created problems of its own: the Polish banking laws changed by the month, creating a need for repeated changes. The dilemma of how much software to re-write, and when, is continuous.

Another problem was that Slaski's offices were not designed for computers. Most branches needed refurbishing, but the quality of the local workmanship could not always be relied upon. Two days before the opening of one branch, the ceiling collapsed. In another branch the walls gave in.

Despite these problems, the project has been completed on schedule. Today, staff at the Katowice Bank pose for photographs behind new computer terminals while behind them customers withdraw money in the banking hall.

Slaski's banking applications are now being eyed by other banks in Poland and eastern Europe. Buoyed up by its technological leadership, Slaski is planning to expand its operations into other parts of Poland.

The Orbital comes full circle

John Griffiths examines a prototype engine capable of meeting strict emissions standards

Some ordinary-looking, but distinctly strange-sounding, Ford Fiestas have been cruising the British country lanes of Suffolk recently. Beneath their bonnets lie prototype engines which, if an evaluation programme just beginning proves successful, are likely to form the bedrock of Ford's petrol and diesel technology for the mid- to late-1990s.

The engines have been developed jointly by Ford and the Orbital Engine Company of Western Australia. In the Fiesta, they have three cylinders and work on the two-stroke principle, providing twice as many power strokes per revolution as a conventional petrol engine – and thus having the smoothness and flexibility of a six-cylinder unit.

Another advantage is that the engine has no valves and thus none of the heavy and complicated components needed to operate them. It is half the size of a conventional engine of similar capacity and saves about one-third the weight of a conventional unit (equivalent to 30 kilogrammes in the Fiesta). Size for size the engine is 10 per cent more powerful and 12 per cent more economical than its conventional rivals.

Not least of its attractions, according to Ford development engineers, is that it is already capable of meeting the most stringent exhaust emissions standards currently in force.

The unit is now being assessed amid optimism that it will be able to qualify as an "Ultra-Low Emission Vehicle" under even stricter Californian legislation due in 1997. To achieve this, Ford and Orbital claim to have made a "technological breakthrough" in terms of minimising emissions, but are refusing to discuss the details.

Ford has just finished production of 25 Orbital prototypes, which are set to enter service with police forces and other intensive users for a one-year evaluation programme. As some doubt remains over the engine's durability, it is hoped that during the test period each one will cover 100,000 miles.

A further 35 engines are to be manufactured at Ford's Dagenham plant before the end of the year. Some of the test vehicles will enter service in Germany as well.

If the programme does not result in any unexpected problems, Ford hopes to have small, Orbital-engined cars in its range by as early as 1995. Although initial applications are expected to be on small cars, Ford acknowledges that it has other, long-term projects with Orbital covering a variety of engines, including six-cylinder and supercharged units.

Indeed, Jaguar, now a wholly-owned subsidiary of Ford of the US, has just made the surprise disclosure of its own joint project with Orbital, of a 3.2 litre V6 engine. Prototypes of this type are 40 per cent lighter than Jaguar's V12 engine but have the same power output.

Technically Speaking

Sounds from the myth makers

By Steven Butler

"The myth-making industry has outdone itself with two products set to be launched later this year: the minidisc and the digital compact cassette, new digital recording formats developed by Sony and by Philips and Matsushita.

The companies themselves can be absolved of blame. It is natural, after all, that they want to see us throw out perfectly good electronic equipment and replace it with the latest gizmos. Yet an extraordinary number of new audio products have been acclaimed as winners before anyone has seen or heard them except in prototype form.

The first myth about these latest offerings is that because MD and DCC are digital they must sound as good as compact discs.

While audiophiles may argue over CD quality, it is undeniable that the sound which hi-fi equipment makers have been able to achieve on a CD has improved over the years as they have gained experience with digital processing.

Unfortunately that experience may not be directly transferable because the MD and DCC formats are different from CDs and from each other. Indeed, MD and DCC may never match a CD in quality because they employ compression technologies to store more information in a small space. Compression works by eliminating storage of repeated information, theoretically not needed, but this is a bit like saying that a frozen vegetable tastes theoretically like a fresh one because everything important is preserved.

The test is in the tasting, or in this case the listening, and the final quality depends on how well the engineers do their jobs. No one knows just yet. And don't believe anyone who claims to have heard the two new technologies run off against CDs. Proper testing comparisons of audio equipment is a subjective business, often best performed in the quiet of your own living room.

The second myth is that MD is in direct competition with DCC, and that only one can succeed. Although both are digital recording formats, from the point of view of consumers, they will be competing in different segments of the traditional analogue cassette market, and probably not against CDs at all.

DCC will appeal to consumers ready to replace their old tape recorder who want to be able to play old cassettes on the new machine, while at the same time enjoying the advantages of digital sound, namely the absence of background noise. But consumers ought to ask whether their old cassettes will sound nearly as good on the new machines as on the analogue recorder they now own, which probably has high-quality sound reproduction already. And while no tape hiss is a strong point, musical fidelity of DCC for digital tapes may be no better than the analogue machines.

MD, by contrast, is really for people on the go, who want recordable digital sound in an extremely small package. In a few years, when the engineers have time to shrink it further, an MD machine may be a fraction of the size of the smallest currently available Walkmen-type cassette players, and will offer instant access to musical tracks just as a CD does.

In short, both formats have a their place. Indeed, Sony, as one of the world's biggest manufacturers of magnetic tape, has a strong interest in seeing both products succeed. DCC, apparently rival to Sony's MD, will happily use Sony tape.

The third myth is that the fate of the the companies involved, if not the entire consumer electronics industry, hangs on the success of these two products. Certainly the consumer electronics industry is in the doldrums, in large part because of a lack of exciting new blockbuster products.

Yet neither DCC nor MD really offers the promise of revolutionising the music industry, as did the launch of compact discs a decade ago. More likely, both will be moderately successful products that will neither make nor break their backers.

PEOPLE

Stanic's charter to develop standards

Vlad Stanic, former head of management development at TSB group, has been appointed development director for the Management Charter Initiative, the UK body which aims to set standards in management training.

He faces a stiff challenge. The MCI was launched in 1988 only to find – a year later – it lacked the support of UK managers who described the organisation as bureaucratic and uninspiring. Since then, the response from employers has been patchy.

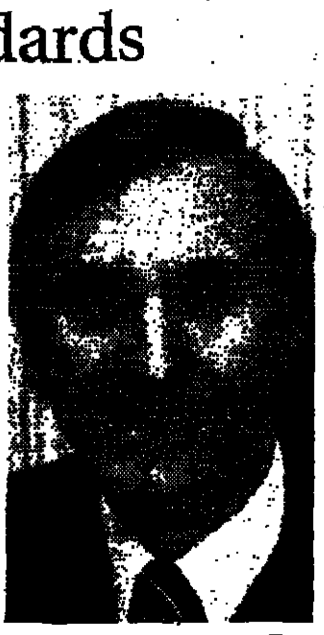
Already christened "the Impaler" by waggish MCI staff, Stanic believes the approach may be useful in his new post: "I would like to impale all those senior managers who go through the motions but do not actually relate their management development to their business objectives."

He has a reputation for asking people penetrating questions; former colleagues say he is intelligent and confident and has a knack of putting those around him at their ease. He describes his working style as informal and flexible but is determined to meet the business objectives he sets even if that means working all night.

During more than 20 years in personnel he has left some scars on the human resources he managed. At Spicer & Oppenheimer he put reluctant partners through their paces with the introduction of performance appraisal, while senior managers at Rank Xerox found they were required to acquire MBAs.

Born in Yugoslavia in 1941, he was educated and has worked largely in the UK. He is a chartered psychologist who describes himself as a maverick: "Most psychologists have a purer than white approach. They have never heard of the idea of customer services or user-friendly psychology. I have dirtied my hands in industry so I see things from a business point of view."

Most recently he has worked as an independent consultant advising blue chip companies on personnel issues.



■ Tony Rieger has resigned from TIP Europe, the trailer rental group he helped to a 1988 stock market listing after it had been the subject of a management buyout.

Rieger's role as managing director of the company's trailer rental division will be assumed by David Callear, the chief executive. Callear had organised TIP Europe's financial restructuring after it breached a loan agreement in 1990.

Jim Davis, chairman, says there are "no hard feelings". "Tony Rieger had great entrepreneurial flair but what we are seeking at the present time is a more steady approach."

Rieger is understood to be receiving about £250,000 in final remunerations.

■ Sears has appointed Ian Thomson to be managing director of BRITISH SHOE in a renewed attempt to sort out the quagmire that is its footwear subsidiary.

Thomson, 46, can point to some useful experience for the task, coming as he does from the South African Edgars Group where he returned its loss-making Sales House business to profit. Sales House, primarily a clothes retailer, makes over 30 per cent of its sales in footwear so Thompson clearly knows one end of a shoe from the other.

His brief will be to differentiate British Shoe's retail brands far more clearly. The problem has been that many of British Shoe's formats, which include Freeman Hardy Willis, Saxone, Dolcis and Cable & Co, overlap in the marketplace.

The fact that many of its inmates are not the greatest fans of the controversial Lloyd's building is obviously no hindrance to participating in the world of design philanthropy, since its architect, Sir Richard Rogers, 59, has just been appointed a trustee of London's design museum.

The Richard Rogers partnership is currently working on the European Court of Human Rights in Strasbourg and Terminal 5 at Heathrow airport, outside London. He has also taken to the printed word recently, co-authoring a blueprint for changing Britain's capital city with Mark Fisher, the Labour party's shadow arts minister.

Joining Rogers on the enlarged, 14-member trustee's board will be Alice Rawsthorn, 33, a journalist with the Financial Times' Paris office. Before taking up her Paris post last year, Rawsthorn wrote for the FT on advertising and design in London. A case of poacher seduced into gamekeeping if ever there was one.

■ David Allen has taken over from Kurt Huber as md of The Clayton Aniline Company; he was previously managing a factory in Brazil for the parent, CIBA-GEIGY.

■ David Simpson, formerly sales director of Steetley Roofing Products, has been appointed sales director of REDLAND Roof Tiles.

■ Graham Bog has been promoted to INCHCAPE's regional director for Europe, the Middle East and Africa.

■ Paul Hussey has been appointed company secretary and group legal adviser of BUNZL.

■ Norio Osawa is promoted to md of QUICK EUROPE at its London headquarters.

Non-executive directors

■ Sir Michael Quinlan, permanent under secretary at the ministry of defence until his retirement in April, has been appointed as a non-executive director to the board of Lloyds Bank from September. He is also set to join the board of Pilkington later this year, and is taking over as director of the Ditchley Foundation as well.

The appointment of Sir Michael, a leading authority on nuclear deterrence, also ensures that when Sir Jeremy Morse, the UK clearing bank's formidably intellectual chairman, retires next year there will still be an Oxford double first in Classics on the board.

■ Peter Nicholson at RIVA; Andrew Cummins has resigned.

■ Ian Menzies at WESTCOUNTRY TELEVISION on behalf of Henderson Venture Managers.

■ David Orr, chairman of Château Latour, at HARVEYS OF BRISTOL.

■ Peter Kent is changing his responsibilities from executive to non-executive at NOBO.

■ Paul Lever, chairman of Lionheart, as chairman of BSM GROUP.

■ John Turner, recently retired senior partner of the Norwich office of KPMG Peat Marwick, at PROPERTY PARTNERSHIPS.

■ Robert Upsdell at SUNLEIGH, which has acquired Gavel Securities of which he was chairman.

THE WEEK IN LUXEMBOURG

Court authorises multiple professional practices

EUROPEAN LAW

Last week, the European Court of Justice added another judgment to those already guaranteeing the rights of EC professionals to operate in more than one Community country.

A Luxembourg law preventing foreign doctors, dentists and vets from practising in Luxembourg, if they already do so in another EC country, was condemned by the ECJ as infringing the Rome Treaty rules on establishment and free movement of employees.

The EC Commission brought infringement proceedings under its general Treaty enforcement powers against the Luxembourg law's blanket ban on foreign doctors, dentists and vets establishing secondary practices or accepting additional employment in Luxembourg.

While the law recognises the freedom of foreign professionals to provide cross-border services, only Luxembourg professionals enjoy the limited exceptional rights to have second practices.

This case reinforces the fundamental rights under the Rome Treaty of businessmen and professionals to establish or accept employment in more than one member country.

Luxembourg argued that doctors, dentists and vets could not provide an adequate service to the public unless they operated from a single practice and were constantly available.

The Court rejected Luxembourg's attempts to justify the restrictions on health and public policy grounds because other measures were available to safeguard these interests which interfered less with basic Treaty rights. For example, a 24-hour service could be guaranteed through substitutes and temporary employees rather than by a professional being on permanent call.

Other professions, such as lawyers and accountants, may now be better placed to resist protectionist pressures from certain EC countries. Professionals may rely on the protection of the ECJ to operate from secondary offices or accept employment while maintaining their original establishments.

Case C-351/90, Commission v Luxembourg, ECJ FC June 16 1992

Jurisdiction in non-contractual product liability cases

In a decision that may limit the possibilities for plaintiffs to shop around for the best forum in which to bring product liability claims, the ECJ clarified the meaning of "contractual matters" in the Brussels Convention on Jurisdiction and Judgments.

The Court held that proceedings brought by a sub-buyer against a manufacturer do not concern "contractual matters" when the goods subject to the proceedings alleged to be defective and unfit for their purpose were bought from a party other than the manufacturer in a chain of contracts.

The question of interpretation arose in a damages action brought in France by a French plaintiff against a German manufacturer and French seller of a suction system bought to be attached to two metal polishing machines purchased from a Swiss company.

The plaintiff claimed damages against all parties on the basis of alleged breaches of French health and safety at work rules and on the ground that the goods were unfit for the purpose for which they were bought.

The French court ruled that while it had no jurisdiction over the Swiss company it did have jurisdiction over the German manufacturer and French seller under the Brussels Convention.

The ECJ made what is known as an "autonomous" interpretation of the Brussels Convention provisions, applying the interpretative approach laid down in previous cases.

It interpreted the special rules for "contractual matters", which allow a defendant to be sued in the place where the contract was to be performed, in accordance with the Convention's fundamental objective of ensuring legal certainty for business in the jurisdiction.

The ECJ said that even though under French law the plaintiff was entitled to sue in the French courts, this deprived business of the legal certainty assured by the Convention's general rule that a defendant must be sued in the country of his domicile, unless one of the Convention exceptions applies.

In the case of dispute between a manufacturer and a sub-buyer of his product, there is no direct contractual relationship. For this reason alone, the Court found the dispute could not benefit from the special jurisdiction rules applicable to "contractual matters" because there was no obligation freely entered into between either party.

The other reasons given by the ECJ for rejecting the broader interpretation, advocated by the Commission in its observations, illustrate the significance the decision may have in product liability disputes.

First, the ECJ said that in a chain of international contracts, the contractual obligations accepted by a manufacturer in his agreement with the purchaser are not necessarily the same as those that the purchaser may agree with his own customer.

Second, the principle of judicial protection of parties established in the Community excludes an interpretation of the special jurisdiction rules which deprives the defendant of certainty as to which court he may be sued in other than a court of his domicile.

Finally, in the vast majority of member countries, including the UK, the liability of a manufacturer to a sub-buyer for defective goods is a tortious or non-contractual liability.

Case C-26/91, Société Jakob Handte et Cie GmbH v Société Traitements mécano-chimiques des surfaces, ECJ FC June 17 1992.

Looking Ahead

The ECJ and the CFI will begin the summer vacation on Friday July 10 1992. In the next three weeks, several judgments are expected as the judges try to clear their desks, including decisions on tachographs in the UK and an appeal in a competition case involving fur breeders.

Advocates General's opinions are also due in the first week of July in the Woodpulp and UK Sunday trading cases.

On July 1, the first day of the UK presidency of the Council of Ministers, the oral hearing in the British drinking water case will take place in Luxembourg.

BRICK COURT CHAMBERS, BRUSSELS

ARTS

Amsterdam remembers Nono

Andrew Clements reviews 'Prometeo' and other late works at the Holland Festival

Luigi Nono died in Venice in May 1990. He belonged with Boulez and Stockhausen as one of the mainsprings of the post-war avant-garde, a composer whose music continued to pose new questions and to colonise fresh expressive territory right to the end of his life. In most of Western Europe his music is recognised and accorded the importance it deserves. In Britain it remains too little known and too rarely performed, regarded with unease because of its uncompromising rigour and unflinching political idealism; in particular only a handful of the wonderfully refined and elusive pieces from the last decade of Nono's life have been heard here.

One of the mains strands of this year's Holland Festival, which runs its usual discursive course throughout June in Amsterdam, is a survey of those late works. Five concerts include one or more pieces, and they are clustered about three performances of what is the most extraordinary and refractory of all his output, the *tragedia dell'ascolto* after Aeschylus, *Prometeo*. Claudio Abbado conducted the first performance in the deconsecrated church of San Lorenzo in Venice in 1984; a revised version was performed at La Scala, Milan, a year later.

If the percussion piece *Con Luigi Dallapiccola* of 1979 and and the string quartet *Fragmente-Stille* of 1980 were the signals that the poster-bright, agit-prop rhetoric of Nono's music of the 1960s and '70s had been superseded, *Prometeo* emerged as the key to that late contemplative style. In retrospect it appears as the fixed point, the philosophical, musical and textual centre, around which all the other pieces revolved.

The idea of a new kind of dramatic synthesis was conceived in the wake of the Frankfurt staging of his second music-theatre work *Al gran sole carico d'amore* in 1978; Nono settled upon Aeschylus' tragedy as his starting point and enlisted the philosopher Massimo Cacciari to prepare the text. What Cacciari produced was dense and many-layered: it incorporated material from Aeschylus alongside other classical Greek poets, the cosmogony of Hesiod, extracts from Nieztsche and Hölderlin, Walter Benjamin and Cacciari himself.

In place of a linear narrative there is a series of independent sections, which Cacciari likened to a group of islands in an archipelago. These "islands" are interspersed in the revised version with other elements borrowed from the forms of Greek drama, and prefaced with a substantial prologue. Nono's musical response was similarly intricate. *Prometeo* is scored for five solo vocalists, two narrators, mixed chorus, a collection of solo instrumentalists and four instrumental groups; computers transform the sounds and pan them around the auditorium.

The Venice premiere took place within an ark-like construction of platforms designed by the Italian architect Enzo Piano; the audience sat in the nave of the church, with the performers arrayed around and above them. The Amsterdam performances took place in the magnificent space of the Goederenbeurs in the Beurs van Berlage, home of the Netherlands Philharmonic; the solo instrumentalists were grouped around the upper gallerys, while the ensembles at the points of the compass were also above the audience.

There is nothing conventionally dramatic about *Prometeo*, no *dramatis personae*, no scenic directions. It is, as the subtitle suggests, a "tragedy to be heard"; not an oratorio nor a piece of music theatre, but something of both, a musical ritual of strange power and enchantment.

It is not, though, an easy or ingratiating experience. *Prometeo* is long, an unbroken two-and-a-half-hour span, a musical journey with only the most generalised of maps. Much of it is hermetic and bare, with slowly changing choral and orchestral lines and sudden eruptions of colour or subdued moments of drama – an intricate instrumental solo or duet here, sensuously intertwined vocal lines there, passages of limpid narration which break through the misty outlines of the text settings.

A portion of the near capacity audience failed to stay the course, but the vast majority that remained responded with great enthusiasm to the performance, which was co-ordinated by André Richard, conducted by Ingo Metzmacher and Peter Rundel, with the Netherlands Chamber Choir and Radio Chamber Orchestra and a distinguished roster of soloists. The total effect of *Prometeo* is certainly vastly impressive, much more than the sum of its individual parts; every element in its arcane scheme seems perfectly placed. It is never going to be a regular concert work, but will continue to give perspective to the last phase of Nono's career.

The evening before the opening of *Prometeo* the Nieuw Ensemble was directed by André Richard in three of Nono's late pieces; barely 50 minutes of music altogether, yet fiercely concentrated pieces in wonderfully committed, intense performances that drew the listener with absolute certainty into their magical sound world. *Guai ai gelidi mostri* (1983) offers another textual collage by Cacciari in a setting for two contraltos, six instruments and live electronics; *Post-Prae-Ludium no. 1 "Donau"* (1987) places a solo tuba among computer reflections and transformations of itself, a delicate study of tiny gestures.

Omaggio a György Kurtag (1986) is again based on a text devised by Cacciari, a conflation that includes Melville and Ingeborg Bachmann. Nono's own programme note makes reference to Schubert's *Winterreise*, an allusion that could be applied to almost all the music here. The suppressed expressive world, the intimate relationship between sounds and texts, conjure Schubertian comparisons; it is "late" music of the most rarefied and special kind.

'Portrait of Hugh Gaitskell as a Famous Monster of Filmland', 1964, by Richard Hamilton

If wishes were horses...

William Packer reviews Richard Hamilton at the Tate

A full retrospective at the Tate Gallery is not an unusual honour for a living British artist, but it is a signal honour none the less. It is an honour denied to Graham Sutherland, for example, in his lifetime, and which Lucian Freud and Frank Auerbach have yet to enjoy. To go on with the comparison and, with Melbourne relish it further for having "no damned merit to it" may be to go too far, but to look down the list is to begin to wonder whether merit has much to do with it.

Richard Hamilton is now 70 and this current retrospective is his second at the Tate. The first was in 1970, and so familiar does the work remain – indeed much is the very same – that it seems like yesterday. But the familiarity is no mystery. Hamilton has never suffered by lack of documentation – ever copious on his own account as well as critics and curators ever willing to come forward to explain him to himself and to the world at large.

Even by 1970 he was that rare creature in British art, a truly international figure, and so he has remained, his reputation resting quite as much on his general influence as on any physical work of art he might have made. Here was the neo-Dadaist who brought Marcel Duchamp back into the light as the spiritual father of modernism, the conceptual artist *avant la lettre*, the founding theorist of Pop Art. Here above all was the teacher who asserted the fundamental precedence of the idea over the practice. "In the beginning was the word." Hamilton has indeed lived and thriven by the written and spoken word.

There is no proscription on writing and theorising on the visual arts, but for an artist whose creative efforts must be centred upon the work of art as such, the physical entity as the vehicle of his experience, the dangers that march with them are very great. To the would-be creative writer, criticism and theory afford a perfectly legitimate opportunity, for the medium of language is the medium of the chosen art. Who would deny that Johnson or Hazlitt, Baudelaire or Pater, Eliot or Woolf were true artists, though wearing a critic's hats? The poor visual artist, however, is not so lucky. Whatever the quality of his ideas, and of the language into which he may choose to cast them by way of exegesis, he is still left with the work he must make, the painting to put on the wall or the sculpture in the middle of the room.

When we come to look at Hamilton's works, as they are presented on the wall rather than in his head, the doubts are inescapeable. From first to last, they are, where his own hand is evident, quite simply badly done, weak in the drawing, flaccid and insensitive in the handling of the paint. The image chosen may be striking enough – a bland Hotel Foyer, the H-Block Dirty Protest, an Andrex advertisement, Hugh Gaitskell as a Monster of Filmland, Mick Jagger arrested, Marilyn Monroe, an American limousine, a Hoover – but whichever it is, Hamilton's own intervention, once we get beyond the presentation, is almost invariably singularly inept.

Only with collage does he show a truer assurance, and collage is the most seductive and facile of the graphic media. And it is to collage in the larger sense that he has always been drawn in practice, bringing together, in his paintings, sculptures and installations, elements already made, elements, more to the point, that he does not have to make himself. His career-long preoccupation with the camera and now the computer, and all the mechanical devices of print-making, bear the same rationalisation.

Hamilton makes much of his experience as a student, even showing some youthful schematic studies of the figure by which to establish his academic credentials, but the demonstration is unconvincing. Returning to the Academy Schools after the War, he was soon asked to leave for "not profiting from the instruction given", his self-justifying retort being that there was none by which to profit.

After National Service he migrated to the Slade, and by 1953 was a lecturer in the Fine Art School of what is now Newcastle University. There through the 1950s, in collaboration with Victor Pasmore, he developed the principles of Basic Design upon which the authorities were persuaded to remodel the country's art schools, the effects of which reform we live with still.

Two landscape paintings of 1954, "Transitions III & IV", show what he was about at this time, Pasmore-esque in their tentativeness, uncertain in their perspectives, woefully inadequate in their drawing, with hints at Cézanne and Seurat to mark their pretensions. And what, in the cant question of 1960s teaching, are these works about? An enquiry into the nature of pictorial space perhaps? The flat surface of the canvas? The mark? The moving eye? Nothing at all?

For an intelligent man to wish to be an artist is an honourable ambition, but to suppose that it may be achieved merely by the intelligent application of the will is to suppose, *pace* the beggar's long experience, that wishes were horses. Talent, touch, intuition, technique – bogey-words all – are also necessary, and require long study in the cultivation. The sad truth, for Hamilton as for all of us, is that they cannot be fudged or evaded. We can only feel for him in his difficulty.

This is not to doubt Hamilton's sincerity in any way, but the Emperor in the story was sincerity itself, for all his vanity. Hamilton has been no less ill-served by his courtiers. The Andrex "Soft Landscape" paintings of the early 1970s, air-brushed and daubed onto a photographic base, invoke, so a caption tells us, the "magical ambiguity" of a Watteau. Who, we might then ask ourselves, has only stood before Watteau with his eyes closed? It was ever easier to strike an attitude than paint a picture.

Richard Hamilton: The Tate Gallery, Millbank SW1, until September 6: sponsored by SRU Ltd.

Dance/Clement Crisp

Mmm

Michael Clark's identity is that of the naughty boy of British dance. His generally youthful public is eager for the trappings of rudery, the zany dress and the occasional flash of bottom or dildo, with which he has cocked various snooks at establishment dance. A cross between *Tyl Eulenspiegel* and Arthur Rimbaud, anarchic clown and boy genius, this persona is now both unwise and constraining for a man of 30 who seeks, I suppose, to be taken seriously, and who is unquestionably a dancer of prodigious if ill-served gifts.

His new show – one can't call it a dance-work – is *Mmm*, a mutation of the *Modern Masterpiece* which started out a few months ago. It uses Stravinsky's *Rite of Spring*. Not the ideal score for a choreographer whose earlier productions have been short-breathed and disjointed, and cursed with the need to live up to its creator's irreverent and titillating reputation. Clark has already worked on the score in New York, in a joint venture with Stephen Petronio (the piece was, typically, called *Wrong, Wrong*. This new version is, alas, still decked with those trappings of Clark-shock which so effectively hinder it from proper development – and serious consideration.

Clark again adopts his role as dance's alternative comedian, obliging his audience with smut, juvenile irreverence. Thus the incidentals of tickets, leaflet, tee-shirt and badge emblazoned with a roughly gynaecological drawing. Thus the appearance of Clark's mother, a vulnerable figure as she manifests herself, topless, in the cause of her son's art. Thus, too, the appearance of Leigh Bowery – onlie begetter of the frightful costuming – shrouded in white and identified for us by the C-word writ large, though from his lumbering and blubbery appearance he is more like Moby Dick. And hence the ear-shattering racket by the Sex Pistols as prelude to *Sacre*, which is also amplified to brutish levels.

The resultant performance is inconsiderable, though it does indicate that Clark is seeking to provide sustained dance interest. The evening begins with a magnificent double solo for Clark and his new colleague, the very gifted Joanne Barrett. Clark's dancing in this brief section is purer, more potent, more exquisite in articulation than we have seen for years. Every gift is his, from purity of line to the most delicate and precise shaping of steps. Thereafter, gimmicks and what might best be known as dirty tricks, proliferate, until *Sacre* begins and Stravinsky serves as a vehicle on which Clark hitches a lift. With his companions Barrett, Julie Hood and Matthew Hawkins, he rides the score, marking its incidents with thin, piece-meal movement that wriggles about to the music without saying anything very pertinent until the *danse sacrale*. Here – and the music is cast-iron theatre – he devises a solo for Barrett that conveys the compulsive and convulsive nature of the sacrifice, which Barrett performs with superb control and force. Together with those moments when Clark dances, and eschews everything except his own radiant talent for movement, this is the justification for the evening. But we pay terribly for it in sitting through the din and the fatuities that surround these fascinating moments of true dance, true choreography. Clark, I venture to suggest, has paid even more.

The Kings Cross Depot is a cavernous warehouse – its sightlines not of the best – to be found in the hinterland behind the railway station. It is not an area,in which I would chose to be after nightfall. Shareholders in Beck's Beer will doubtless be flocking to see how their money is being spent.

Michael Clark Company is at The Kings Cross Depot, off York Way, London N 1 until June 28. The season is sponsored by Beck's

Opera in concert

Le Coq d'Or

It is odd of us to keep calling Rimsky-Korsakov's opera that, rather than *The Golden Cockerel* – especially when it is sung in Russian, as at the Barbican on Sunday. (Rimsky never heard it in any language, for he died before the irritable Moscow censors would allow it to be performed.) There, however, the mysterious Queen who arrives with the famous "Hymn to the Sun" proved to hail from "Shemakâ", instead of the familiar old "Shemakhan".

Along with the programme-book came the complete text in Edward Agate's rhyming, facetious English. Presumably that *is* the original flavour? The tale is at once surrealist-ludicrous, gory and obscurely moral, like many Russian products from Gogol to Bulgakov and beyond, and Rimsky set it in the accepted deadpan way: hardly any overt jokes, every scene composed at face value. Acts 2 and 3 begin respectively with a vista of deathly desolation and a scene of deep public anxiety, and the composer provided them with music as "advanced" and disturbing as anything he wrote. Yet the prevailing tone is fairytale-exotic, wry but picturesque.

In this concert-performance, Mstislav Rostropovich and the London Symphony preserved the ambiguous balance while revelling in Rimsky's opulent orchestral palette. Everything shone, whether in crackling brass or with an opalescent gleam, and the conductor paced the opera unerringly. He allowed himself several cuts in the score, with the happy result that he got through it in less than two hours (plus interval). *Coq d'Or* does have its inconsequent stretches, and without production-tricks to help them along we might grow weary of Rimsky's constant, unabashed recycling of a very few musical elements.

The cast Rostropovich assembled, with principals who have sung for him already in other capitals, turned up trumps. For the bass anti-hero, dopey King Dodon, we had Bulat Mingelkiev from the Kirghiz and Kirov Operas: staunch, forthright, never admitting that he might be a comic character. Young Elena Brilova sang a fascinating Queen. There is more than a touch of Ileana Cotrubas about her timbre (bright, plucky, plaintive) and her manner (ditto), and no less intelligent calculation.

In the other roles, all much smaller, Robin Leggate and Simon Keenlyside made clean impressions as the princely sons, dead before Act 2 begins, and David Wilson-Johnson was his reliable self as Dodon's surly General Polkan. The Danish contralto Mette Ejsing sang the royal housekeeper with imposing warmth and breadth; we shall surely hear much more of her. Rimsky wrote the sinister Astrologer at near-impossible heights, usually attempted in a character-squeak, but here we had a unique "tenor altino" – the Philippine-American Noel Espiritu Velasco – who braved them with a kind of desperate urgency, eerily effective.

Though the Cockerel itself gets no more to do than Strauss's Falcon in *Die Frau ohne Schatten*, but his/her/its warnings need to be just as telling. The young American soprano Colleen Gaetano was forceful, even strident: it worked. The London Choral Society were excellent as soldiers, handmaidens and townsfolk. Nonetheless, we owed this unexpectedly enchanting evening to Rostropovich above all. I was rude about some of his conducting in the Barbican's Prokofiev festival a few months ago, but he has Rimsky beautifully in hand. One couldn't have hoped for a performance more judicious, eager and alert.

David Murray

INTERNATIONAL ARTS GUIDE

■ BUDAPEST

CONCERTS
Tamas Gal conducts the Budapest Symphony Orchestra in a Schubert programme tomorrow at the Pest Concert Hall (Vigado ter 1).
Thurs: Concentus Hungaricus plays a baroque programme at Karolyi Court (City Park, Vajdahunyad Castle). Fri and Sun: Hungarian Virtuosi play works by Bartók, Rossini and Vivaldi at Corvin Hall (Szentharomsag ter 6).
Fri at Academy of Music: concert of chamber music by Haydn. Mon: Vivaldi concert by Budapest Madrigal Chorus and Chamber Orchestra (at Varoshaz u 9-11).
Pre-booking for concerts at National Philharmonic Booking Office (Vorosmarty ter 1).

DANCE/MUSICAL
European Contemporary Dance Festival tomorrow and Thurs at Petofi Hall Open Air Stage (City Park). Tim Rice's musical Chess has daily performances at Arizona Rock Theatre (Nagymezo u 22).

■ COLOGNE

CONCERTS
Philharmonie: tonight and tomorrow are the final evenings of a festival devoted to the music of Arthur Vincent Lourié (1892-1966). Gidon Kremer and Kenneth Riegel are soloists in tonight's programme with the Deutsche Kammerphilharmonie. Tomorrow: Dennis Russell Davies conducts the Bonn Beethovenhalle Orchestra in Jeux funèbres and the Second Symphony. Fri and Sat: Hans Vonk conducts Bruckner's Sixth Symphony. Next Mon and Tues: Sergiu Celibidache conducts the Munich Philharmonic Orchestra. July 3, 5 and 7: James Conlon conducts concert performances of Weber's Oberon (2801)

DANCE/OPERA
Opernhaus: tonight's performance is Heinz Spoerli's choreography of La fille mal gardée, in a guest production from Dusseldorf. The repertory also includes Don Giovanni (tomorrow, Sat and Mon), Un ballo in maschera with Neil Shicoff (Thurs and Sun) and Jochen Ulrich's new Tanz-Forum ballet on Fri (221 8400)

■ FLORENCE

Teatro della Pergola 20.30 Vittorio Sicuri conducts the Chorus of the Maggio Musicale in works by Dallapiccolla, Pizzetti, Verdi, Brahms and Schubert. Thurs: Rossini's Petite Messe Solennelle. Fri and Sun in Teatro Communale: MaggioDanza in choreographies by Evgeny Polyakov and Orazio Messina (277 9236)

■ GENOA

Teatro Carlo Felice 21.00 Thalia Theater of Hamburg presents Bob Wilson's production of Tom Waits' The Black Rider. Daily except tomorrow till Sun (589329)

■ LONDON

DANCE
Coliseum 19.30 Opening of English National Ballet summer season: world premiere of a new work by Kim Brandstrup, plus choreographies by Robert North, Ben Stevenson and David Parsons, repeated tomorrow. Thurs, Fri, Sat: Ben Stevenson's new production of Cinderella (071-836 3161)
Royalty Theatre 19.30 Rambert Dance Company in new work by Merce Cunningham, plus choreographies by Mark Baldwin, Paul Old and Richard Alston, also tomorrow and Thurs. Fri and Sat: new work by Guido Severien (071-494 5090)

MUSIC
Covent Garden 19.30 Bruno Campanella conducts Don Pasquale, with Judith Howarth, Raul Gimenez, Francois Le Roux and Paolo Montarsolo, also Fri and Sat. Tomorrow: Samson et Dalila. Thurs: Der fliegende Holländer (071-240 1066)
Queen Elizabeth Hall 19.45 Barthold Kuijken directs the Orchestra of the Age of Enlightenment and Choir in a Bach programme. Tomorrow in Festival Hall: Kyung-Wha Chung plays Mozart (071-928 8800)
Barbican 19.45 Giora Feldman Trio in an evening of Jewish soul music. Tomorrow: Rostropovich plays Panufnik (071-638 8891)

■ NEW YORK

JAZZ
Blue Note Jazz Club and Restaurant Heading the bill this week in the Blue Note's Latin jazz series are Flora Purim and Airto Moreira, plus Ray Baretto. Showtimes at 21.00 and 23.30 daily till Sun, with a third show at 01.30 on Fri and Sat (475 8592)

■ PARIS

Théâtre de la Ville 20.30 First night of two-week Pina Bausch dance season, featuring her latest choreographic work (4274 2277)
Palais Garnier 19.30 Marcello Viotti conducts Dario Fo's Amsterdam production of Il barbiere di Siviglia, with Gino and Louis Quilico, Gloria Scalchi and Jean-Luc Viala, also Thurs and Sun. Tomorrow: ballets by Neumeier, Lander and Petit (4017 3535)
Opéra Bastille 19.30 Arnold Ostman conducts Le nozze di Figaro, with Tom Krause, Christine Barbaux, Adelina Scarabelli, Ferruccio Furlanetto and Susan Quittmeyer, also Thurs. Tomorrow: Domingo sings Otello (4001 1616)
Salle Pleyel 20.30 Felicity Lott is soloist in a concert by the Ensemble Orchestral de Paris, with works by Haydn and Mozart (4561 0630). Thurs: Leon Fleischer plays Ravel's Piano Concerto for the left hand (4563 0796)

■ SEVILLE

EXPO 92
This week's programme includes a piano recital by Rafael Orozco tomorrow, Martha Argerich on Thurs, Kiri te Kanawa on Fri and the Spanish National Orchestra under Aldo Ceccato on Sat and Sun. July 10, 11, 12: Muti conducts performances by La Scala Milan (all at Maestranza Theatre). Tonight's performance in the Auditorium features music from Puerto Rico. The Frankfurt Ballet gives performances of William Forsythe's choreography Impressing the Czar at the Central Theatre on Thurs, Fri and Sat. Next week: European premiere of Gilles Maheu's rock opera Le Café (For further information, dial 0034 5 448 0404 from outside Spain, or 902 221992 in Spain).

■ VIENNA

Staatsoper 19.30 Pinchas Steinberg conducts La forza del destino, with Mara Zampieri, Renato Bruson and Giuseppe Giacomini. Tomorrow: Tannhäuser (51444 2960)
Musikverein 19.30 Leopold Hager conducts Vienna Symphony Orchestra in symphonies by Gottfried von Einem and Mahler. Repeated tomorrow and Thurs (505 8190)
● Telephone sales of tickets for Staatsoper, Volksoper and Burgtheater available worldwide for holders of credit cards by ringing Vienna 5131 513

■ WASHINGTON

DANCE
Ballet Nacional de Caracas gives performances tonight and tomorrow at Wolf Trap (703-218 6500)

THEATRE
● Richard III: Ian McKellen stars in a production by Britain's National Theatre which sets Shakespeare's play in a realistic Fascist England in the 1930s. Opens tonight, daily except Mon till July 19 (Kennedy Center Opera House 467 4600).
● City of Angels: Michael Blakemore directs Larry Gelbart's hit musical, set in 1940s Los Angeles. Until July 19 (National Theater 628 6161).
● Kvetch: Steven Berkoff's play about the anxieties within us. Until July 19 (Woolly Mammoth 393 3939).

JAZZ/CABARET
Wolf Trap's Preservation Jazz and Blues Festival opens on Thurs at the Filene Center with Grover Washington Jr and Roberta Flack. Artists appearing at the weekend include George Russell and the Living Time Orchestra, Phil Woods Quintet and Aretha Franklin. Next Mon: Dolly Parton (703-218 6500). This week's guest at Blues Alley Jazz Supperclub is War: showtimes at 20.00 and 22.00 (1073 Wisconsin Ave, in the alley, 337 4141)

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2130-2200 (Tues) Media Europe – what's new in European media business
2130-2200 (Wed) FT Business Weekly – global business report with James Bellini
0630-0900 (Thurs) Media Europe
2130-2200 (Thurs) FT Eastern Europe Report
0830-0900 (Fri) FT Business Weekly

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SATURDAY

CNN
0900-0930 World Business This Week - a joint FT/CNN production
1900-1930 World Business This Week

Super Channel
1930-2000 FT Eastern Europe Report

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
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FINANCIAL TIMES

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Tuesday June 23 1992

South Africa on the brink

SOUTH AFRICA has reached a watershed in its search for democracy. Constitutional negotiations have ground to a halt. Not coincidentally, political violence is increasing.

The danger that now confronts the country is that only more violence and civil upheaval will break the impasse in the battle to reconcile majority rule and minority rights. The fearsome possibility that the country could tilt towards ungovernability will undoubtedly be uppermost in the minds of Mr Nelson Mandela and the African National Congress (ANC) executive at their meeting today, not to mention President FW de Klerk and his cabinet when they meet tomorrow. Looking into the abyss should be enough to give fresh and urgent impetus to negotiations.

The events of the past week, horrific as they were, do not in themselves signal a turning point in South Africa's prospects. Since Mr Mandela's release over two years ago, there have been killings as savage as those that took place in Boipatong township last Wednesday. They have been accompanied by the same allegations that supporters of Chief Mangosuthu Buthelezi's Inkatha Freedom Party were responsible, together with accusations of security force complicity. The South African police force once again showed on Saturday, when it fired on a grieving crowd and killed three people, how ill-equipped it is for its role in post-apartheid South Africa: badly disciplined, trigger happy and hostile to change.

But when they are set against the background of the breakdown of constitutional talks last month, these latest acts of violence take on a greater significance. The government's insistence on what amounts to a white veto in a new constitution, coupled with its inadequate response to political violence, has persuaded an increasing number of black South Africans to make a fundamental shift in their assessment of President de Klerk's commitment to reform.

A year ago Mr Nelson Mandela, the African National Congress (ANC) leader, could assuage his constituents' anger by reaffirming his belief in Mr de Klerk's integrity, and holding out the prospect of multi-party talks at a Convention for a Democratic South Africa (Codesa). Progress at these talks, which would have joint supervision of the security forces on the agenda, he argued, was the best way to tackle the country's seemingly endemic political violence.

Last weekend Mr Mandela's message to angry and disillusioned supporters was very different. The negotiations were in tatters, he had to admit, and he could no longer use Codesa as a political safety valve. Talk now is of "mass action" – strikes, marches, demonstrations, boycotts.

The ANC has yet to show that it can sustain such activities; but the shift in tactics risks delivering a heavy blow to government hopes for new investment and fresh borrowing, both essential if the economy is to pull out of its recession.

Moreover, the ANC's campaign carries an obvious risk of further violence, whether in confrontation with security forces or with Inkatha. While Mr Mandela may not intend as much, a generation of angry young blacks who sacrificed their education in order to man township barricades, will take this as a mandate for insurrection.

The answer is not, as President de Klerk hinted at the weekend, reintroduction of tougher security measures.

He should instead be restoring his credibility by ordering an independent inquiry into the police role in both the Boipatong tragedies – last Wednesday's massacre and the shootings on Saturday – including allegations that the authorities failed to act on warnings of impending slaughter. He ought to encourage rapid reform of the grim, all-male hostels in the townships, source of so much tension. He should also authorise a more rigorous investigation of the so-called "third force", right-wing extremists set on destabilising the peace process by instigating violence between black parties.

A convincing demonstration of government good faith is needed if negotiations are to resume and South Africa is again to pull itself back from the brink.

A Slav divorce

THE LAST time Czechoslovakia was dismembered it was a victim of Nazi invasion and western impotence. This time the decision to break up into two separate sovereign states follows a general election, in which 85 per cent of the electorate turned out to vote, and several rounds of talks between the elected leaders of both the Czech and Slovak nations. Although deeply to be regretted, the decision at least places responsibility securely upon Czech and Slovak shoulders.

The political situation has polarised and crystallised with extraordinary speed. All pre-election opinion polls showed that a large majority in both republics wanted the common state to continue in some form or other. Now the Czechs, and with slightly less conviction the Moravians, of whom more may be heard later, appear to be rallying behind Mr Vaclav Klaus. He won electoral support in the Czech lands because he promised to continue, and even accelerate, the pace of privatisation and other reforms. These are designed both to prevent a return to the authoritarian past and to fulfil the criteria for full European Community membership by the turn of the century.

His view that continuation of a common state on lines demanded by Mr Vladimir Meciar, the Slovak leader, would both jeopardise economic reform and risk pulling Czechoslovakia back towards its recently shed authoritarian past is widely shared in the Czech lands.

But the outcome of the negotiations also furnished the latest proof that the richer and more numerous Czechs do indeed call the shots in the common state, as Slovaks have complained for decades. It is not easy to play second fiddle without hope of advancement, and many Slovaks feel that 1,000 years in somebody else's shadow is enough. It is also true that they have suffered more than the Czechs from economic policies made largely in Prague. Their heavy industry was more vulnerable to the collapse of the Soviet market, more difficult to privatise and less able to adapt to western markets.

Once independent, the Slovaks will be able to work out their own policies, and make their own mistakes. This may be psychologically a good thing, if it helps them to work out long felt resentments. But they are likely to find that their freedom of manoeuvre is savagely limited.

Independent Slovakia aspires to eventual EC membership, but to qualify, it will have to fulfil onerous entry requirements. That means an open and competitive economy and respect for the rights of minorities. The irony is that this will require following similar policies to those demanded for continuing the federal state.

Top salaries

THIS YEAR'S report from the UK's Top Salaries Review Body – expected to land on the prime minister's desk later this week – is already causing a political storm. Due before the general election, the report is thought likely to recommend pay rises taking some judges, generals and senior civil servants well over £100,000 a year. The government postponed publication to avoid top people's pay becoming an election issue.

The delay has done nothing to make more palatable possible pay rises of 30 per cent. Junior and middle-ranking civil servants have had to make do this year with rises of 4.5 per cent or less and the level of settlements in the private sector has been falling.

Yet if the report makes recommendations of this magnitude, the government will not wish lightly to set them aside. The TSRB last year pointed out that the salaries of public servants in its remit are generally less than half the median earnings of comparable managers in the private sector. Recruitment and retention of high quality public servants is in the public interest, as is two way traffic in high-fliers between private business and Whitehall.

Comparison of risk and reward in the private and public sectors, however, is not as easy as is sometimes assumed. In a period when the government is trying to introduce clearer performance standards into the public services, the debate about civil service pay also needs to become more subtle. A useful next step would be for members of the TSRB to defend their recommendations in public, paving the way for government to set out the reasons for its decision in some detail.

Time to become lean and mean

Andrew Fisher examines the challenges confronting the German car industry

Mr Ferdinand Piëch grinned as he drove off in a big black Audi limousine. He told his driver to get in the back, and slipped behind the wheel himself.

It was a small incident on a sunny day in Munich, but enough to show that Mr Piëch, 55, is different from the usual run of executives who are happy to let their chauffeurs take the wheel. His appointment to take over next year as head of the Volkswagen group, which owns Audi where Mr Piëch is the chief executive, was controversial. Not only is he a somewhat prickly personality, he has uncompromising views on how the industry should improve productivity and cut costs. Both shareholder and union representatives on VW's non-executive supervisory board agreed that Mr Piëch – who impressed at Audi with his record of rising profits and attractive new models – was the man to give the company a thorough overhaul.

On a broader level, the arrival of Mr Piëch at VW marks the growing awareness of German car makers that their once-dominant position is under threat. German companies account for about 40 per cent of total west European sales – producing nearly 5m cars a year and exporting roughly half of them. There are nearly 2m production jobs at German motor manufacturers and suppliers, and twice as many if sales, repairs and other activities are included – one in every six jobs in west Germany. The industry accounts for about a fifth of gross national product and as such has underpinned Germany's postwar "economic miracle".

In spite of the industry's obvious successes, German executives have become edgy. The global recession outside their home markets is forcing car companies to squeeze more profits from existing domestic plants rather than relying on steady growth in worldwide sales. The slowdown is compounding German companies' increasing vulnerability to Japanese competition increasingly in the luxury car area, both from Japanese-built imports and from plants set up in Europe. By the mid-1990s, the latter should be producing more than 1m cars a year. The situation mirrors that of the US in the late 1980s. "The US did not react [to the Japanese invasion] and now it's very late for them," Mr Piëch says. "It's no good asking your opponent not to attack any more. It's better to hit back."

Closer to home, European competitors, notably in France, have made great strides. Car makers such as Renault and Peugeot have slashed their workforces and improved efficiency. In the European Community (except Germany), car producers have, over the past decade, shed 410,000 jobs; in Germany, automotive jobs have risen by 79,000 over the same period, spurred by strong demand from eastern Germany following unification in 1990. This artificial boost temporarily masked some of the underlying problems.

The productivity gap between the rest of the EC and Germany has also narrowed. In the 1980s, productivity at French and UK motor companies rose by an average rate of about 6 per cent a year compared with 5 per cent for Spain and only 2 per cent for Germany.

In spite of this development, by 1990, Germany still topped the European league – France's productivity was 91 per cent of Germany's, with Italy at 74 per cent and the UK (before the full impact of recent Japanese investment) still some way behind at 61 per cent – but it lagged Japanese home-based production by some 50 per cent. Mr Achim Diekmann, managing director of the German motor industry association, says: "We still have some catching up to do."

Source: German Automotive Industry Association (VDA)

Catching up will be difficult as long as German wage costs continue to march ahead of productivity. Including social security payments, they are among the highest in the world (see chart). One solution to the problem is to cut jobs – a course now being taken:

- VW has said some 12,500 jobs will disappear over the next five years from its domestic workforce of 130,000.
- Mercedes-Benz has announced it will shed up to 10,000 jobs this year after its workers, along with others in the car industry, won a 5.8 per cent pay award for 1992.
- BMW is shedding 3,000 from its domestic workforce of about 62,000 this year and will today announce the site of a new US plant in South Carolina to help it produce more cheaply for the local market.
- Opel, the profitable subsidiary of General Motors of the US, wants to reduce the 31,000-strong workforce at its main plant at Rüsselsheim by about 6,000 over the next five years. Like VW, Opel is building a plant in east Germany.

Despite the urgency with which these measures are being implemented, "things look quite gloomy", on the costs front, says Mr Holger Karsten, of management consultants Arthur D Little. So gloomy that Germany's still-superior productivity cannot offset lower costs elsewhere in Europe. Opel says it takes DM 750 (£260) more to make its Vectra mid-range car at its main Rüsselsheim plant near Frankfurt than Vauxhall (also part of GM) needs for the same vehicle (the Cavalier in the UK) at Luton in England. Even though productivity is lower in the UK, favourable unit costs more than offset this disadvantage.

In addition, German car makers are hampered by shorter working hours than their main overseas competitors. Mr Werner Schmidt, VW's marketing and overseas director, says a VW worker in Germany spends less than 1,200 hours a year on the production line compared with up to 2,000 hours in Japan. Employees at VW's Spanish plants work 25 per cent more hours than their counterparts in Germany; staff at VW's plant in Mexico work 33 per cent more hours. Next year, the introduction of a 36-hour working week will make the German motor industry keener than ever to extract more productive value from the hours worked.

Here they are looking east for guidance: for Japan's car makers are Germany's biggest rivals partly because of management and production line restructuring which is being continuously improved.

What most frightens German executives is the prospect of a rising volume of cars built more cheaply by Japanese companies in the UK, many of which will be exported to continental Europe. "The Japanese plan to build between 700,000 and 800,000 cars a year in the UK, roughly the same as Opel's German capacity, including Eisenach [the new east German plant]," says Mr Peter Enderle, Opel's production director.

Already, German makers regard the Nissan plant in Sunderland in north-east England as a prime threat. Opel says the Primera mid-range car made there by Nissan is priced markedly lower than its German-made Vectra. "Nissan Sunderland has set a new standard for us all," says Mr Piëch who has visited the plant. "We have to challenge the Japanese."

How? Cutting jobs will not be enough. So, prodded by the notions of "lean manufacturing", "lean management", and "simultaneous engineering", German companies have set about redesigning their production methods.

This involves shifting even more of the car production process, and thus the cost burden, to outside suppliers. In Germany, the usual level of "vertical integration" – the share of the car built inside the car plant – is about 40 per cent; the target for new east German sites is about 25 per cent.

Audi has reduced its level of vertical integration to 20 per cent, keeping only complex operations in-house, such as engines, gears, bodywork and final assembly. It has made big savings by having wiring systems made in Hungary and Poland. German car makers in general are putting increased emphasis on buying not just single parts but whole systems such as wheel assemblies from outside suppliers. "The innovative ability in the German automobile industry comes in part from the highly specialised supply companies," says Arthur D Little's Mr Karsten.

On the production line, more team work is being introduced to give employees extra motivation and responsibility. But, adds Mr Karsten, management structures must also be made more flexible, so that rigid German production, development and marketing divisions are dissolved. Traditionally, Germany's corporate pyramid has been fairly rigid and hierarchical, and breaking down entrenched ways of working at companies such as Mercedes-Benz and VW will not be easy, says Mr Karsten.

Many of the leaner, streamlined working and management practices are being introduced at greenfield sites in Germany. Mercedes' new Rastatt car plant in west Germany incorporates more widespread use of team work than in its other plants; VW set up a special team comprising experts from all divisions for the design and production of its latest Golf model.

We are bringing in efficiencies we never had," says VW's Mr Schmidt. The trick is applying the Japanese-inspired lessons at home. Mr Schmidt reckons productivity in VW's west German plants can be raised by an annual 6 per cent through a variety of modest improvements, including group working.

Will all this radical change work? Already the powerful IG Metall union has expressed doubts about Opel's plan to contract to (lower-paid) outside suppliers some of its body-stamping work.

In the past, consensus has been reached through the German system of co-determination at board and plant level. But, as Mr Diekmann of the motor industry association, says: "We are approaching a new structure in the industry. It can only be done if unions and management co-operate."

Though this year's engineering sector wage deal of 5.8 per cent will not help the German industry in its effort to dampen rising costs, next year's agreed 3.4 per cent rise indicates that the car unions have started to realise the gravity of the industry's problems. They are reluctantly aware that jobs must be lost and productivity gains must be made if they are to compete.

The choice of Mr Piëch to run VW shows unions and management are trying to work closer together. This is a positive sign. Like their US rivals, German companies have been slow to react to Japan's penetration of their markets but the determination of German industrialists to cling on to sales means competitors in Europe and Japan are in for a tough fight. The Germans are unlikely to be the losers in the long run, but success will have its price: the shape of the German car industry will change inexorably as manufacturers invest more abroad and cut jobs at home. Within 10 years the industry will have developed a new streamlined shape – not so much a Mercedes family sedan, more a sleek and sporty Audi.

Joe Rogaly

The tiger refuses to leave its cage

India has been characterised as a caged tiger. Just release the energies of this powerful beast, it is argued, and it will startle the world. It turns out that the promise is easier to make than to deliver.

The proposed formula is familiar. Liberalise the economy. Privatise the extensive public sector. Open the sub-continent to trade with the outside world. Introduce competition from abroad. End the monopolies and cosy deals that cushion domestic manufacturers, with the consequence that they produce low-quality goods at a high cost. Sweep away the regulations that stifle the free development and growth of our potential new Asian economic superpower. Then watch.

There is a flaw in this line of thinking. It is best put in a remark attributed to an Indian politician. "The door is open," this sagacious fellow is supposed to have said, "but the tiger will not come out of the cage."

During the decade just passed, successive Indian governments have attempted to release their country's entrepreneurial spirit. Mrs Indira Ghandi began to flirt with such a strategy. Her son Rajiv took it further. Both failed. A year ago, a new prime minister, Mr P V Narasimha Rao, initiated the most far-reaching programme of economic reform yet undertaken. His finance minister, Dr Manmohan Singh, devalued the rupee and later, in his recent budget, made it partially convertible. The projected deficit was slashed. A large chunk of the "permit raj" – the mass of regulations that made the corruption of officials a necessary cost of investment – was swept away. Foreign money was welcomed; joint ventures with outsiders were most assiduously courted. A start was made on lowering the tariff walls that protect domestic industry.

Now, it seems, confidence in the sustainability of this little revolution is beginning to ebb. If the government does not stay the course, if Mr Rao and Dr Singh do not pursue liberalisation with the vigour with which they began, the tiger will remain stuck. I believe that it is too early to make such a judgment. Indians, and India-watchers, are natural pessimists. Their gloom is understandable. When you consider the history of this huge republic over the half-century since independence, there is much to be pessimistic about.

Some Indians look with a mixture of envy and apprehension upon China

The mood of a conclave of India specialists held at Ditchley Park, the international conference centre in Oxfordshire, at the weekend was, however, cautiously optimistic. Those present included economists, diplomats, a sprinkling of politicians, and academics. Most of them came from India, Britain, or the US. It was generally although by no means unanimously agreed that the Rao government is right to pursue its programme of economic reform, but there was sharp debate about its motives.

One flatly expressed view was that it is all a sham – that the country was broke when Mr Rao was propelled into the top job at the age of 70 and that he had no option but to go to the IMF and the World Bank to borrow money. The terms insisted upon by those Washington-based global missionaries are well known. The gospel of liberalisation, free markets and prudent budgeting must be embraced. Then the heathens will receive their beads.

Others were less world-weary. They insisted that genuine conviction motivates India's most prominent enthusiasts for liberalisation, of whom perhaps a dozen could be identified as sitting in key positions in the administration. The reforms are backed by the great longing for western comforts and standards of achievement that is so evidently felt by India's relatively affluent "middle class" ("actually upper class" said someone at the weekend).

Middle or upper, the latter group constitutes an aspirant nation within a nation. It numbers somewhere between 80m and 200m people, depending on definitions, in a country of 850m. If you think of the central core of this bourgeois India as comprising 15m families, then every one of them has at least one relative abroad, mostly in Britain, the US, or Canada but actually spread around 42 countries. This huge diaspora of "non-resident Indians" is the subcontinent's window on the world.

It is difficult to believe that with such a force behind it the attempt to modernise in a western way will be abandoned. In truth, there is no other hole to go to. For most of the near half-century since independence, India has run a mixed economy – mixed between the huge state-owned sector and a hugely protected and inefficient private sector. The republic's principal trading partner, and the supplier of many of its early ideas on economic planning, was the Soviet Union. That entity no longer exists. Some Indians look with a mixture of envy and apprehension upon China and wonder whether an authoritarian regime plus freer markets may not be the way. To India's great credit its own lively democracy is too deeply embedded for that.

In the long run, therefore, that tiger will be sprung. What is questionable is the immediate future. A bad monsoon could sweep the Rao government out of office. Assuming it survives, it has to move to the agenda of unpopular decisions. Cutting the immense subsidies that clog the economy could lead to rioting in the streets. Sacking workers from inefficient industries, the "exit policy", is something from which any government would shrink. Increased social spending, which is vital if the poorest third of the population is to be brought into the modern economy, may mean higher direct taxation of the "upper" class. Yet it is urgent that more money is spent on such social programmes as the spread of female literacy, the single factor most likely to reduce the birth rate.

At the same time, India's foreign policy, evolved under Nehru, must be reshaped to meet a single goal: the furtherance of its economic development. This means abandoning old delusions of grandeur, based on leadership of the now-redundant "non-aligned movement". The quarrel with Pakistan must somehow be settled; solutions to the almost intractable problems of Kashmir and the Punjab sought. Then the military budget can be trimmed – after the Russians have been paid for what they have already supplied.

I suspect that Mr Rao understands all this, but that he has enough on his plate managing domestic politics and keeping his economic reform programme moving. He has to keep his balance while India conducts a national debate. For all the assumptions upon which all post-independence decisions have been based are now under question. That is why the tiger is stuck. It is still thinking.

David Goodhart and **Michael Smith** look at the arguments for and against high pay increases for top UK public servants

Playing catch-up with private sector fat cats

When Strathclyde local authority advertised for a new chief executive this year, the starting salary of £105,000 will have touched some raw nerves among senior employees in other public service jobs.

Strathclyde may be the largest authority in Britain but Mr Neil McIntosh, the successful candidate, will earn more than Sir Robin Butler, head of the civil service, Lord Taylor, the lord chief justice, and Field Marshall Sir Richard Vincent, chief of the defence staff, all of whom take home an annual £104,750. Until this year, Strathclyde paid its chief executive £76,000.

This level of pay rise for the new generation of public sector executives exacerbates what was always going to be a difficult year for the government on top people's pay. It is caught between pressures to reduce widening differentials between the private sector and the 2,040 senior public servants whose salaries are covered by the Review Body on Top Salaries, and the need to hold down pay in the public sector.

The Review Body's 15th report, and the first full-scale review of comparability with the private sector since 1985, is due to go before the prime minister later this week. It is widely expected to recommend a big narrowing of the gap between senior public servants and company directors, especially for those civil servants on a salary of £50,000-plus at the bottom end of the scale.

The case for such a rise is strong. In big companies, earnings of £140,000 or more for full-time board members, and £250,000 or more for chief executives, are common. In the past seven years, while pay at the top of the private sector has almost doubled – up 96 per cent according to Hay Management Consultants, if incentives and bonuses are included – rises for top public servants have barely matched inflation.

On top of that is the "Strathclyde" factor. Strathclyde is a Labour-controlled council which realises that it has to offer competitive salaries to get good people: The government is pushing even harder in this direction and its determination to introduce private sector methods into the public services is starting to release a small explosion in the pay of the new public sector bosses. etc...

Mr Peter Griffiths, chief executive of Guys Hospital, one of the first hospitals to acquire trust status under national health service reforms, now earns about £90,000, double what the general manager of a large hospital earned five years ago. Mr John Mackintosh, head of the grant-maintained Oratory School, earns about £60,000, a possible bench-mark for the heads of schools which are opting out of local education control under the government's education reforms. The most well-paid public servants of all are to be found among the heads of the Next Step agencies, quasi-autonomous public sector bodies, such as the Defence Research Agency whose head, Mr John Chisholm, earns £140,000.

LIFE AT THE TOP

	Average earnings	Highest decile non-manual private sect*	Inflation RPI	Top Salaries Review Body: Highest paid official	Top Salaries Review Body: Grade 3 Civil servant on appointment
1985	100	100	100	100	100
1986	108	109	103	104	105
1987	116	120	107	108	110
1988	128	133	112	114	115
1989	140	147	121	119	121
1990	154	162	132	128	141
1991	166	171	140	140	154
1992	177	185	146	(182)*	(185)**

*30 per cent pay rise would bring into line with private sector highest decile
** 20 per cent pay rise would bring into line with private sector highest decile
Source: Public Finance Foundation

The case for a narrowing of differentials between senior public servants and company directors is strong

These salaries may be seen as desirable and even necessary to attract suitably qualified managers but they have severely upset the pay balance at the top of the public sector. Those covered by the Review Body – judges, senior civil servants and top military personnel – are not used to being outflanked on pay from within the public sector.

They are, however, accustomed to being outflanked by the private sector. Figures collated by the Public Finance Foundation, a pay research group, show that between 1985, the last important adjustment to top salaries, and last year, the pay of the highest earners in the Civil Service rose by 40 per cent and that of Grade Three civil servants – formerly called under-secretaries – the lowest paid in the review group, by 54 per cent.

However, the top 10 per cent of non-manual workers in the private sector saw earnings rise by 71 per cent over the same period. Those figures may be distorted by a one-off private sector "catch-up" for top managers in the privatised utilities.

On the other hand, the figures also mask higher rises for the most senior executives in British industry, and exclude perquisites such as subsidised mortgages and company cars. Research for last year's Top Salaries Review Body found that the median salary, plus bonuses, of chief executives at private sector financial companies with turnover of more than £70m a year was £230,000 a year, more than twice the £104,000 earned by those covered by the Review Body.

Part of the difference between public and private sector salaries has been justified by superior pension benefits and job security enjoyed by the public servants. To counter this, the Association of First Division Civil Servants, the National Union of Civil and Public Servants and the Institute of Professional Managers and Specialists, which represent senior civil servants, have presented evidence to this year's Review Body based on a report by Coopers & Lybrand Deloitte, the accountancy firm.

The report says not all job turbulence in the private sector is a result of less secure employment. Job changes reflect a desire by private sector managers for wide experience, and head hunting by employers. "Even in the midst of recession the length of time on average between jobs does not seem to outweigh the length of time over which financial support is available," says the report

The unions also argue that if the government wants more job flexibility between the private sector and the Civil Service, pay differentials will have to be narrowed.

However, even if the Review Body and the government were to accept this argument, and the case for a catch-up, there are equally strong pressures for resisting big pay rises.

First, pay rises for private sector executives have become much more modest in the past year, falling, according to Hay, to 7 per cent from a peak in 1988-89 of 20 per cent.

Second, the recession means that the problems experienced by public sector employers in recruiting and retaining staff in the late 1980s have faded.

The Treasury says there is no indication of a decline in the quality of candidates for fast stream entry – designed for high-flyers – to the Civil Service and that, apart from some specialist areas, there are an adequate number of high-flyers to fill Grade Three posts, the most junior civil service grade covered by the Review Body, and above.

The most powerful argument of all for the government to resist large rises is a feeling that they would send the wrong signals both to the private sector – where pay settlements have only recently fallen below German levels for the first time in many years – and the majority of public sector workers whose pay is determined by collective bargaining. They will only receive an increase of about 4 per cent, the rate of inflation, this year.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Lloyd's costs and assets base seen as root of problems

From Mr John D Incledon.

Sir, You identify correctly the key issue for Lloyd's and its future, in your editorial "Lloyd's and its casualties" (June 19). Unless Lloyd's can build its capital base, it has no future – a truism for any business organisation.

My 11 years as a Lloyd's Name have led to an overall loss from my membership – with further losses to come. In aggregate, I have handed over money to the society for the dubious privilege of risking all the assets on which my family and I depend. Yet I do not face financial ruin and would prefer to remain a Name.

But the worldwide casualty insurance business has shown dreadful returns for its sources of capital in recent years – whether shareholders or private capital, as at Lloyd's. The Hoare Govett report on Lloyd's in May shows clearly that Lloyd's, the UK composites and the US insurers do not produce profits to match the risks being taken. There has been too much insurance capacity chasing too little worthwhile business – and the situation may well be continuing.

Why Lloyd's should believe it can attract corporate capital, when it cannot retain the capital it has already, escapes me. Yet, perhaps there are insurers who would prefer to have Lloyd's underwriters act for them rather than conduct the underwriting themselves. To attract this business, Lloyd's will have to demonstrate that its costs are competitive.

Lloyd's has come to believe that an annual salary of £100,000 should be commonplace for an active underwriter of a medium size syndicate and syndicates believe they should take profit commissions of between 12 per cent and 20 per cent of profit, while Lloyd's brokers believe their commissions should always be at least 10 per cent of premiums payable. The whole Lloyd's infrastructure had become greedy and complacent.

But once sensible returns are in sight, risk capital will return from individuals as well as companies.

John D Incledon,
Suite 33,
140 Park Lane,
London W1Y 3AA

From Mr Alan J Leboff.

Sir, As an external Lloyd's Name I have so far gone along with David Coleridge's comment that Names "freely signed pieces of paper authorising membership of each Syndicate", despite my misgivings as to the expertise of my agents and the losses my children and I have suffered of £100,000 for 1988 and £200,000 for 1989, with (I am told) further losses to come at least for 1990, and have not joined in litigation despite being urged to do so.

However, at my rota interview I asked the same questions I had of my prospective agent: "What will membership cost me in fees etc, and (as I was wary of joint and several liability) what if other names on a syndicate cannot pay their share of losses?" and received the same answers: to my second question, "each Name writes for themselves, not one for another". When my children joined subsequently the Outhwaite problems were receiving wide publicity and at their rota they asked, "is there any way we could end up paying for these other people's losses?" and were told unequivocally there was not.

The Council of Lloyd's has now decided that the market losses require that we should pay a levy, effectively retrospectively in that resignation now would not avoid it, which in real terms would cost us an additional £112,500 on top of our further losses to come.

This makes "not one for another" a travesty; I do not expect anyone else to pay our losses, but we did not join Lloyd's as captive providers of indefinite amounts of capital.

Alan J Leboff,
Andelain,
South Park Crescent,
Gerrards Cross,
Buckinghamshire SL9 8HJ

From Mr Alan Smallbone.

Sir, The answer to your leader's first question – "was there any wrongdoing?" – is "Yes: by past committees of Lloyd's and agents, acting in concert to suppress Lord Cromer's recommendations of 1969 – to favour their interests at Names' expense".

Lord Cromer deplored the incorporation and sale of agencies and recommended a deficit clause to discourage under-reserving, but above all he pointed out that Lloyd's was peculiarly ill-adapted to the underwriting of the very classes of business in which so many syndicates specialised – high excess catastrophe risks.

He pointed out that the tax regime applied to insurance companies facilitated the building of reserves and that Lloyd's needed similar treatment. He stated that tax changes were the responsibility of government and parliament too. Yet these essential needs were not made a principal plank of the Lloyd's Bill in 1982.

The reason is clear. Reserves can be made only from profits in good years, but anything which reduced the base on which agents could levy "profit" commissions would reduce the prices of underwriting agency shares.

Those Names who were placed by reckless agents on ultra high risk syndicates have a legitimate complaint against the rota committees who interviewed them if the chairman did not point out to them that Lord Cromer had long ago warned against such involvement, but that Lloyd's had deliberately failed to seek the legislative changes he suggested.

That is why agents and brokers should now contribute pound for pound with Names, to the exceptional central fund levy.

Alan Smallbone,
30 Temple Fortune Lane,
London NW11 7UD

Champion of the amateur

From Mr Russell Jones,

Sir, May I be allowed to add a word to Noël Goodwin's obituary (Arts, June 22) of Sir Charles Groves? It should not be forgotten that throughout his life Sir Charles was a vigorous champion of the amateur musician, conducting choirs and orchestras throughout the country and giving them the recognition they deserved for their service to the community. For eight years from 1972-1980 Sir Charles was the federation's president and supported our work in every possible way. Since 1980 as a vice president he was unstinting with his time and encouragement for amateur musicians and never once refused our requests for help. Sir Charles' death has deprived us all of our last senior conductor who happily collaborated with amateurs and professionals alike.

Russell Jones,
director,
National Federation of Music Societies,
Francis House,
Francis Street,
London SW1

Bad advice on County Hall

From Mr Christopher H Burt.

Sir, How depressing to witness Dr John Ashworth, director of the London School of Economics, enthusiastically supported by the FT, urging the government to cancel the sale of County Hall to Shirayama Shokusan company in favour of the LSE. For two such illustrious parties to offer such advice, which is manifestly wrong in financial terms, is extraordinary.

The FT and respected economists spend much time urging the government to keep public spending under rigorous control. Then, your leading article of June 16 blandly refers to the proposed unnecessary expenditure of £120m as "modest".

We are assured the LSE is the foremost social science university in Britain, perhaps in Europe. If this is so, and if it is to continue to be so, its standing will be a function of the quality of the teaching staff and the students, and not the grandeur of its building.

Christopher H Burt,
92 Rue de l'aqueduc,
1050 Brussels

OBSERVER

The point of no return

■ If you are going to get fired, it is hard to imagine a more dramatic exit than that just made by Stephen Chao. Until a week ago, young Chao was one of the rising stars in Rupert Murdoch's media empire. Then he thought up this really great idea of how to grab his managers' attention and impress the boss at a conference in Colorado.

The newly named president of Fox Television stations had wanted to illustrate a point during a talk on censorship to managers from Murdoch's News Corp and Fox's parent. According to a report in the Los Angeles Times, Chao hired a male stripper to disrobe in front of the audience, although it was unclear what point he was trying to make. Whatever, it came as a great embarrassment to Murdoch and his assorted guests – including US defense secretary Dick Cheney.

An enraged Murdoch told Chao that he was fired. "Sometimes the hardest job a captain has is to terminate his best lieutenant," Murdoch is reported as saying. "But one thing this company has to stand for is that there are limits." It may come as a surprise to readers of The Sun and the News of the World that Murdoch is a bit of a prude at heart.

Fun palace?

■ The 'To let' signs came down last week from Rose Court, the controversial Southwark office block built on top of the remains of Shakespeare's Rose Theatre.

It was not, alas, because the building had found a tenant. Rather it was because a TV crew had moved into its top floor to film "The Golden Hello", a tale about an ambitious, ruthless headhunter to be screened by the BBC next spring. Ironically, it stars James Fox, one of those who stood arm-in-arm with Dame Peggy Ashcroft and Ian McKellen three years ago to prevent bulldozers destroying the theatre's remains.

This is not the first time that the empty building has been put to artistic uses. The developers' campaign to market it has included staging art and drama there, including a performance by an estate agent in sixteenth century costume of Shakespeare's words set to music. Surely, with such cultural credentials the office block should have a special appeal for the new heritage ministry? Despite a request by the local MP Simon Hughes for the ministry to consider the building, the Ministry of Fun has not yet even looked at it.

In absentia

■ No other European country goes in for the sport of royal bashing like Britain does. But it sounds as if Spain is about to suffer a minor outbreak. King Juan Carlos – sporty, simpatico and best remembered as the man who stopped the coup – is being accused of falling down on his public duties.

Prime Minister Felipe Gonzalez, who is expected shortly to name a new foreign minister, told journalists last week that he had been unable to inform the king of his ministerial choice because the monarch was out of the country. The 54-year-old king, who was resting near St. Moritz, did return to see the Prime Minister briefly before heading back to Switzerland – with the result that he missed his father's 79th birthday party.

"Who are these top people?"

What has prompted even more tongue-wagging is that the monarch will for the first time in years not attend the annual bullfight this afternoon organised by the Madrid press association; worse still, he has cancelled at short notice the traditional palace garden party held to celebrate St John's day on June 24.

In yesterday's El Mundo newspaper Jorge de Esteban, a distinguished constitutionalist, broke hostile new ground in the domestic treatment of the royals by suggesting a regency to cover the king's absences. De Esteban sternly quoted Horace at the crown: *Rex eris si recte facies.*

Smart choice

■ Big Italian companies have a habit of hiring ex-diplomats. Even so, there is some surprise at the speed with which Ferruzzi/Montedison, Italy's chemicals and foodstuffs conglomerate, has grabbed Giandomenico Picco, the UN hostage negotiator.

The 44-year-old Picco, who is stepping down as under-secretary general, has made a name for himself as an expert behind-the-scenes negotiator. He played a central role in obtaining in great secret the release of hostages from Lebanon, and indeed the news of his switch to Ferruzzi comes precisely when the last remaining western hostages, two Germans, have been freed.

Picco is expected to be based primarily in New York and help beef up the group's US profile which declined when the flamboyant Raul Gardini was running Ferruzzi.

Interesting to see whether he makes as big a mark in the private sector as he did in the public sector.

Gone sailing

■ One might think that Tony Ryan, the hard-working chairman of GPA, would have ordered all his top executives to return to base to discuss how to salvage the company's credibility after it had to cancel its global stock market debut last week. But if he has, then Colm Barrington, chief executive of GPA Capital, has a more pressing engagement.

He was reported yesterday to be "watching the sun rise over Galway Bay" at the helm of Whirlpool, the lead boat in the Round Ireland Yacht Race which set off from Wicklow last Saturday. But the 46-year-old Barrington, who holds more GPA shares than any director save Ryan, was said by the race organisers "to be keeping very quiet on the VHF radio" – out of earshot not only of the following boats but presumably Ryan as well.

Clanger of month

■ On Friday, Blackheath Concert Halls in south London presents Il Trovatore, featuring – the programme promises – "The Avril Chorus".

FINANCIAL TIMES
Tuesday June 23 1992

De Klerk flies in as ANC calls crisis meeting

By Philip Gawith in Johannesburg

SOUTH AFRICAN president F.W. de Klerk announced yesterday he would cut short a visit to Spain and return in time to chair a cabinet meeting tomorrow which will address the country's political turmoil.

Mr de Klerk's move follows a decision by the African National Congress, which on Sunday cut off bilateral talks with the government, to convene an emergency national executive committee meeting today.

The organisation attacked Mr de Klerk yesterday for his insensitivity in leaving the country at this time.

The ANC will discuss its response to last week's massacre of 42 people at Boipatong, near Johannesburg. It blames the attack on the Zulu-based Inkatha movement, and is incensed that three more were killed on Saturday by police who opened fire on a crowd soon after Mr de Klerk aborted a visit to the township.

The ANC, is expected either to suspend temporarily its participation in the Convention for a Democratic South Africa – the constitutional negotiating forum made up of 19 political parties – or to make further participation contingent on how the government responds to the massacre.

Financial markets in South African reacted nervously yesterday to the deteriorating political mood. Worst affected was the financial rand, the investment currency for foreigners, which fell by 6.7 per cent from Friday's close to finish at R3.84 to the US dollar. The discount to the commercial rand widened to 27 per cent, the highest it has been this year.

On the Johannesburg Stock Exchange, the overall index closed at 3,639, down 42 points or more than 1 per cent.

The ANC executive meeting comes against the backdrop of the worst crisis in the negotiation process since the unbanning of the ANC in February 1990. There were, however, hints from both sides yesterday that they may be seeking to pull back from the brink.

Mr Tertius Delport, the government's spokesman on Codesa, said it would be a "tragedy" if the ANC was to pull out of the forum. "That would be putting us back a lot... we would be very disappointed if the ANC would entertain the idea."

Mr Delport said an invitation to the ANC by Mr Pik Botha, foreign minister and acting president in Mr de Klerk's absence, to join the government in talks was an effort to move forward.

Professor Kadar Asmal, a member of the ANC executive, said the organisation remained "firmly committed" to negotiations but added that the way out of the current impasse was to move quickly to an interim government.

Investment analysts think the equity market will probably continue to move lower until there is evidence that Codesa is back on track. Mr Mike Soekoe, chief dealer at stockbroker Simpson McKie, said it had been a very nervous day with volumes low and few people keen to buy. He said that even the weaker financial rand, making stocks cheaper in dollar terms, had not enticed foreign investors into buying.

One dealer said he did not expect heavy selling unless there was complete anarchy. The JSE is dominated by institutions which not only take the long view but are also constrained in their investment options by exchange controls.

Archbishop Desmond Tutu and Mr Steve Tshwete, ANC sports spokesman, both called into question South Africa's participation in the Barcelona Olympics.

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Stocks, Back page, Section II

A protester carries a message for President F.W. de Klerk during a demonstration in Johannesburg yesterday

Italian banks lift prime rate to 14%

By Robert Graham in Rome

SEVERAL Italian commercial banks raised their prime rate – at which they lend to leading customers – from 13.5 per cent to 14 per cent yesterday in reaction to a series of increases in short-term money rates by the Bank of Italy last week.

The central bank's moves were aimed at shoring up the lira. Pressure on the currency eased slightly yesterday as the markets had time to make a more measured judgment of the impact of the Irish referendum vote last week in favour of the Maastricht treaty for closer European union.

After the Danes rejected the treaty in a referendum at the start of the month, businessmen and bankers worried that the process of closer European integration would be slowed and the resolve of the Italian authorities to tackle the country's deteriorating public finances would be weakened.

Consequently, the lira has come under heavy pressure and the Bank of Italy has had to intervene both in the foreign exchange markets by selling D-Marks and by raising domestic interest rates.

Yesterday the lira was being traded at L755.9 against the D-Mark. This compares with the L765 floor against the D-Mark permitted under Italy's commitment to the narrow band of the European Exchange Rate Mechanism.

Early on Friday, when the result of the Irish referendum was still uncertain, the lira was being quoted at L757.8 against the D-Mark.

Then, as the result clarified, the currency strengthened to L756.5.

The cost of the central bank's support operations in the foreign exchange markets during the past two weeks is not known. In supporting in the domestic market, the bank has been obliged to raise short-term interest rates in the past two weeks by more than 2.5 points.

By last weekend the rates paid on short-term repurchase agreements with the commercial banks had reached almost 15 per cent.

The delicate state of the lira and such high interest rates have added urgency to the consultations of Mr Giuliano Amato, the deputy leader of the Socialist party, to form a new government. He was given the task last Thursday and hopes to present a programme to parliament by the end of this week.

Mr Amato will be obliged to come up with a quick mini-budget to cope with the public sector deficit, which has on current projections overshot the 1992 budget estimates.

Instead of a public sector deficit held down to L128,000bn ($107bn), latest projections suggest it will reach L175,000bn by the end of the year. The new government must thus find ways to obtain an extra L47,000bn through raising revenues or cutting spending.

World Stock Markets
Back page, Section II
Government bonds, Page 24

French parliament votes on Maastricht

By Ian Davidson in Paris

FRANCE will today take a decisive stride towards ratifying the Maastricht treaty on European union, when it completes the requisite revision of the constitution.

After six weeks of debate in the National Assembly and the Senate, the two houses of parliament meet today in a special joint sitting in the Palace of Versailles. They are expected to vote heavily in favour.

Despite fierce resistance from a large section of the Gaullist RPR party, and total opposition from the Communists, the constitutional amendments last week secured large majorities in both houses. The Senate voted 192 to 117, and the National Assembly 388 to 43.

The addition of these votes suggests the government should have no difficulty in securing the necessary three-fifths majority in today's joint session of 895 parliamentarians.

Coming on top of the big majority in last week's Irish referendum, a successful vote in the French congress will be an important morale booster for the European Community summit in Lisbon this week.

But even a comfortable majority in today's congress will still give no guarantee that the treaty itself will be ratified when it is put to a popular referendum in the autumn.

All recent public opinion polls have shown regular support for Maastricht; the most recent survey, published over the weekend, gave 51 per cent in favour and only 18 per cent against.

This is a wider margin of support than in previous polls, and should augur well for the referendum.

Government officials are acutely aware, however, that support for the treaty could yet be jeopardised by the deep personal unpopularity of President François Mitterrand.

A poll at the weekend showed a further drop in Mr Mitterrand's rating, with only 28 per cent approving of him and 58 per cent disapproving.

The only consolation for the government is that the Maastricht debate has produced a deep split between the Gaullists and their regular conservative partners in the Centrist and UDF parties.

These parties last week voted overwhelmingly in favour of the constitutional revision, and their leaders have undertaken to campaign in favour of ratification of the treaty.

By contrast, the Gaullists are divided between those who are ambivalent over the Maastricht Treaty, and those who are openly hostile; last week they either voted against the constitutional revision (in the Senate) or abstained (in the National Assembly).

This disagreement over the EC, in which the Gaullists have denounced their putative partners for "collaborating" with the government, is bound to continue at least until the referendum, and may handicap the conservative parties in the months before the general election next March.

Tokyo stock market falls

Continued from Page 1

and life assurance companies. Mr Nobuhiro Kaneda, a general manager at Daiwa Securities, the stockbroker, estimated that Nikkei's drop would lead to some banks having difficulty in meeting future international standards of capital adequacy laid down by the Bank for International Settlements. The BIS requires Japanese banks to have a minimum ratio of capital to assets of 8 per cent by April 1993.

For life companies, declining portfolio values squeeze their ability to make payments to policy-holders who have invested in savings schemes. Nippon Life, the largest assurer, said yesterday: "There are some life companies which have most of their portfolio profits wiped out."

Meanwhile, data published yesterday gave investors every reason to feel concern for the state of the economy. Figures published by the Bank of Japan showed the money supply in May grew by just 1.1 per cent, the lowest on record. The outturn puts in doubt the central bank's forecast of 2 per cent growth in the April-June quarter.

The government's Management and Co-ordination Agency said household spending in April fell 0.5 per cent in April, the first fall in four months.

Sarajevo mortars kill eight

Continued from Page 1

of Sarajevo Radio, said three children were among those killed in the sudden mortar attack. "They were playing on the streets. We can't keep our children always locked up in underground shelters. People had left their basements to get water, newspapers or their salaries from the bank."

Ms Shannon Boyd, a spokeswoman for United Nations peace-keeping forces, said the news was discouraging. "We're in a rather painful holding pattern." A UN plan to reopen the city airport for humanitarian flights collapsed at the weekend.

In New York, UN officials expressed concern about further violations of the ceasefire and the fact that three Canadian UN observers had been wounded, one seriously. However, there was no immediate suggestion of further action by the Security Council.

General Lewis MacKenzie, the UN sector commander of Sarajevo, said UN forces would not restart work on the airport until a ceasefire held for at least 48 hours.

"There are still obvious breaches of the ceasefire going on fairly regularly ... Even by Bosnian standards we don't have a ceasefire." He said the opening of the airport was only one of the steps needed to relieve Sarajevo.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Boulogne	F	20	68	Frankfurt	S	23	73	Majorca	F	20	68	Oporto	S	20	68	Tenerife	C	23	73
				Brussels	F	18	64	Geneva	S	16	61	Malaga	C	23	73	Oslo	F	17	63	Tokyo	F	22	72
				Budapest	S	28	82	Gibraltar	C	21	70	Malta	S	28	82	Paris	S	22	72	Toronto †	S	9	48
Ajaccio	C	30	86	Buenos Aires	C	16	61	Glasgow	S	18	64	Manila	C	33	91	Prague	F	23	73	Tunis	C	29	84
Algiers	C	20	68	Cairo	S	31	88	Helsinki	F	13	55	Melbourne	F	9	48	Reykjavik	Dr	9	48	Valencia	S	23	73
Amsterdam	C	18	64	Cape Town	F	14	57	Hong Kong	F	31	88	Mexico City	F	24	76	Rhodes	S	28	82	Venice	S	24	75
Athens	F	30	86	Caracas	F	28	82	Innsbruck	F	24	75	Miami †	S	28	82	Rio d'Janeiro	C	25	77	Vienna	F	25	77
Bahrain	S	33	91	Casablanca †	C	21	70	Inverness	C	17	63	Milan	F	19	66	Rome	F	27	81	Warsaw	S	25	77
Bangkok	F	33	91	Chicago †	S	12	54	Islamabad	F	34	93	Montreal †	C	12	54	Salzburg	S	24	75	Washington †	F	14	57
Barcelona	S	17	63	Cologne	F	20	68	Istanbul	F	24	75	Moscow	C	21	70	S'Francisco †	S	15	59	Zurich	F	22	72
Beijing	F	23	73	Copenhagen	S	18	64	Jakarta	C	33	91	Munich	F	23	73	Seoul	C	26	79				
Beirut	S	25	77	Corfu	S	31	88	Johannesburg	S	19	66	Nairobi	F	21	70	Singapore	F	32	90				
Belfast	C	14	57	Dallas †	F	20	68	Lisbon	S	21	70	Naples	S	30	86	Stockholm	S	16	61				
Belgrade	S	29	84	Dublin	C	15	59	London	C	19	66	Nassau	F	33	91	Strasbourg	S	23	73				
Berlin	F	21	70	Dubrovnik		–	–	Los Angeles †	C	16	61	New Delhi		–	–	Sydney	S	17	63				
Biarritz	F	18	64	Edinburgh	S	20	68	Luxembourg	S	22	72	New York †	C	13	55	Taipei	F	33	91				
Bombay	C	31	88	Faro	F	22	72	Madeira	C	19	66	Nice	S	25	77	Tangier	C	22	72				
Bordeaux	C	19	66	Florence	F	28	82	Madrid	R	15	59	Nicosia	S	25	77	Tel Aviv	F	27	81				

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

THE LEX COLUMN

London's liquid liability

It was easy enough to conclude last week that there were special factors behind the great GPA flop. The continuing lack of enthusiasm for equities in London, though, will do nothing for the nerves of Wellcome's advisers or the clutch of smaller companies with flotations now at an advanced stage. Wellcome ought to make it if for no other reason than that it is a notable member of the Footsie, in which major investors are badly underweight. Unlike the now empty-handed aircraft lessors, moreover, the company is in the position of not needing the money itself, which would limit the damage if the issue did have to be pulled.

The problem is not just that the economic recovery has again failed to arrive, but a marked shortage of liquidity. Eighteen months ago cash represented around 7 per cent of institutional portfolios, but the proportion is now nearer 4 per cent. Last year's spate of rights issues was partly responsible, but the growing number of pension fund holidays and lower dividend increases have also taken their toll. The third quarter of 1992 coincides not only with calls from the flotations, but instalment payments from BT and the regional electricity companies, while government funding in the gilts market continues apace.

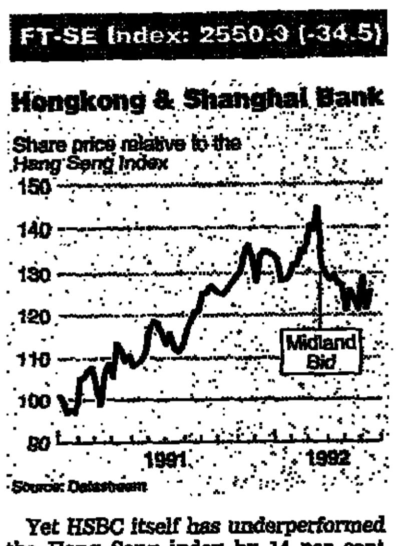
In itself, of course, liquidity would not be an obstacle if equities were thought to be cheap. Perceptions will change at some stage – but it arguably does not help that institutions' UK equity weighting is close to the top end of its 10 year range.

HSBC/Midland

Lloyds' withdrawal left the outcome of HSBC's bid for Midland, which closes on Thursday, pretty much a foregone conclusion. Indeed Lloyds may ultimately have helped HSBC's cause by showing that there was no real alternative. It is hard to see a majority of investors turning their backs now, especially as that would bring a sharp fall in Midland's price.

Just the same, it looks as though the "yes" vote will lack conviction. Indeed, one reason for the difference between yesterday's Midland close of 423p and the bid's value of 441p may be selling in the market for cash. The deal will bring short-term benefits to Midland holders in the form of a dividend restored to a level they could otherwise only expect much later in the UK bank's recovery. In theory they will also share in south China's growth prospects.

FT-SE Index: 2550.3 (-34.5)



Yet HSBC itself has underperformed the Hang Seng index by 14 per cent since the bid was revealed, partly due to the disclosure of its $780m exposure to Olympia & York. The merger may bring some synergy benefits in areas such as foreign exchange, but Midland holders will face exposure to Chinese politics, as Cable & Wireless holders found after the Tiananmen Square massacre. More immediate worries are the impact on Hong Kong of deadlock in the Uruguay Round and of Japan's economic slowdown.

Some of this may be forgotten in the initial euphoria as HSBC joins the Footsie. A place in the index does not normally confer lasting outperformance, however. That could provide a further opportunity for those investors who remain suspicious of the merger concept to sell into strength.

UK economy

The £500m positive swing in the balance of payments between April and May is less encouraging than it appears. Take out the oil and erratic items and the visible trade balance is in much the same rut as it has been for most of the past year. Besides, it is difficult to know what constitutes good news on trade. In volume terms, imports were up only 4 per cent in the three months to May compared with 6 per cent in the three months to April, but the drop owes much to a slowdown in imports of basic materials, semi-manufactures and capital goods.

If that suggests manufacturers are lowering their sights on the recovery, it is in contrast with a continuing quarterly volume rise in imports of passenger cars and consumer goods. The explanation may be that prolonged recession has indeed left the UK with a supply side problem. British manufacturers increasingly doubt not only the timing of recovery, but their ability to exploit it when it finally appears.

Against that background, the continuing volume gain in exports looks suspicious. Unit labour costs have fallen sharply in the UK, but exporters seem condemned to charging ever higher prices while those of imports have been falling, especially for manufactured goods. The overall picture suggests industry continues to labour under an over-valued real exchange rate, in which case exports cannot run at record levels indefinitely. One has to wonder how many are already being won at the expense of margin.

South Africa

It appears there was some limited intervention by the Reserve Bank of South Africa yesterday to support the financial rand. Those responsible, though, probably felt as helpless as if they had been using a pea-shooter to attack an elephant. Prompted by the formal suspension of the country's peace process over the weekend, the investment currency for foreigners slid 7 per cent in early trading, ending the day at a 27 per cent discount to its commercial counterpart. That means it is weaker than at any point since the March referendum, eloquently reflecting foreigners' worsening perceptions of political risk.

The reality is that the central bank's surprise decision earlier this year to start intervening in the financial rand market - hailed as an important milestone in exchange rate policy and a step towards ultimate abandonment of the two tier system - is a policy for more stable times. Mr Mandela may be forced in the end to return to the negotiating table; in the meantime markets are bound to take fright from his rhetoric and the graphic television pictures of township violence. The Reserve Bank can smooth short term fluctuations - and even nudge the discount in the right direction - but it cannot halt the underlying trend.

It is always possible that Swiss and German investors will be tempted back into high yielding bonds at current levels. But the appetite for South African equities will surely be dulled. By all accounts the recent Liberty Life and Sappi placings in Europe went reasonably well. They may be the last for some time.

FINANCIAL TIMES

COMPANIES & MARKETS

Tuesday June 23 1992

INSIDE

Hays buys French food distributor

Hays, the UK business services group, yesterday announced the acquisition of Groupe FRIL, a French food and drink distribution company, for £37.5m ($69.4m). FRIL's customers include Carrefour, Yoplait and Moët Hennessy. Mr Ronnie Frost, Hays chairman and chief executive, said: "There are a lot of good acquisition targets out there in Europe and England." Page 26

Ecu bond market restarts

The European Investment Bank's Ecu350m ($457.5m) offering yesterday met surprisingly strong demand. It was the first since the Danish referendum rejecting the Maastricht treaty sent Ecu bond prices tumbling. Page 24

Hanson's favourable US image

Hanson Industries, the North American arm of Hanson, prides itself on being a committed builder of core businesses. This is in stark contrast to the UK image of Hanson as a takeover glutton, chewing and spitting up companies. The reaction of US companies acquired by Hanson has been positive: "The big difference working for Hanson is that we now look for acquisition opportunities instead of divestiture opportunities," said one. Page 27

Top crop

Wimbledon means strawberries and cream, and Britain's growers of the fruit are delighted. This year is turning out to be an especially good one for strawberries, with a main crop not only earlier than usual but of exceptional quality. Page 28

Kuwaiti bank prospers

Kuwait's banking system was shattered when Iraq invaded the country in August 1990. But within a few months National Bank of Kuwait, the largest Kuwaiti bank, was up and running again. Results for the combined years of 1990-91 indicate the bank has emerged from the crisis in impressive shape. Page 21

Japan dents world share index

Ireland's vote in favour of the Maastricht treaty lifted European bourses after their recent weakness, but Tokyo remained beset with problems, and bore much of the blame for last week's 2.1 per cent fall in local currency terms in the FT-Actuaries World Index. Back Page

Moves at Mothercare

Storehouse, the UK retailing conglomerate, has announced that Mr Derek Lovelock was resigning as chief executive of Mothercare to be replaced by Ms Ann Iverson, who was appointed last month to the number two slot at the childrenswear chain. Page 26

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Heideib Zem	959	+	28
Leifheit	455	+	7
Porsche	594	+	18
Falls			
Aachen Mch	865	–	15
Philips Kommun.	625	–	13
Rheinelektra	1080	–	15

NEW YORK ($)

Rises			
Merck	50½	+	2⅛
Falls			
Brazil Fund	17½	–	1⅜
Heart Tech	9¼	–	2⅛
Intl Rectifier	8⅛	–	2⅛
Mexico Fund	20⅞	–	1⅝
Telmex	44⅞	–	2⅞

PARIS (FFr)

Falls			
Cred Lyon (CI)	522	–	16
Gaumont (Soc N)	470	–	21
Legris	435	–	15
UAP	475.3	–	15.5
Unibail	425.6	–	15.8
Worms Cie	323	–	12

TOKYO (Yen)

Falls			
Calena	1500	–	150
Daikyo	670	–	75
Hino Motors	460	–	50
Japan Aviation	520	–	60
Maruzen	533	–	56
Nachi-Fujikoshi	352	–	43

LONDON (Pence)

Rises			
AvieaPet	67	+	6
Harris (P)	223	+	8
Mansfield Brew	710	+	15
Microvitec	27	+	3
Stand Platform	93	+	12
Falls			
Amber Day	48	–	8
BPB	164	–	8
Dixons	248	–	6
Fisons	224	–	14
Glaxo	689	–	22
Hepworth	358	–	11
Learmonth & B	65	–	6
Lowndes Lamb't	263	–	19
Owners Abroad	77½	–	3
Pearson	409	–	17
Pepe	42	–	30
Pilkington	131	–	6
Shoprite	532	–	13
Spirax-Sarco	265	–	9
TGI	57	–	5
Trafalgar Hse	107	–	7
Wellcome	913	–	12

State rejects reselection of Bull chairman

By William Dawkins in Paris

THE FRENCH government has refused a bid by Mr Francis Lorentz, chairman of Bull, to be reselected for a second term at the head of the loss-making state-owned computer maker.

Mr Lorentz, who has had a series of disagreements with the government over Bull's strategy in the past 18 months, said yesterday he had no deep regrets about leaving the job because he was handing over to a businessman with good industrial experience who was likely to pursue the same policies.

The name of Mr Lorentz's successor is due to be announced today.

"Sometimes a change of face is a good thing in itself ... You see your credibility progressively diminishing over time," said Mr Lorentz, 50. He fully accepted the right of a state shareholder to change the management.

Mr Lorentz pointed out that he applied six weeks ago to renew his mandate – which expires on Monday – to ensure continuity in the three-year programme of reorganisation of the company's structure and products.

"I did not see at the time someone who would be able to replace me very fast and make the company go ahead at the same speed and at the same direction," he said. Bull is only halfway through the plan, which lasts until 1993 and is designed to restore it to profitability by the end of this year.

The change, part of a three-yearly review of the mandates of 45 public sector chairmen, was expected because of the well publicised clashes between Mr Lorentz and Mrs Edith Cresson, the former prime minister. They differed over the acquisition of a 4.7 per cent stake in Bull by NEC, the Japanese electronics company – which Mrs Cresson tried to block – and a technical and marketing accord with IBM, in which the US computer maker took a 5.68 per cent stake in Bull.

Mr Lorentz achieved his business objectives both times but is thought to have made enemies beyond Mrs Cresson's immediate entourage.

His supporters believe it is no coincidence the move comes at the same time as publication of the annual results of the Cour des Comptes, France's official accounting watchdog, which criticises several aspects of Bull's management.

Criticisms in the report that Bull's marketing costs were too high were based on a poor understanding of the computer industry and had no connection with the government's decision, Mr Lorentz said.

Bull is one of the biggest loss-makers in the French state sector and has absorbed FFr4bn ($750m) of state capital in the past few years. It lost FFr6.79bn in 1990, falling to FFr3.3bn last year.

Mr Lorentz said losses had fallen in the first half of this year and the group was on target to break even at the operating level in 1992 and at the net level in 1993.

He said Bull could be in the position to raise further equity on the stock market in 1994-95.

State bank posts, Page 20

Emiko Terazono on Japanese losses in their own market

Tokyo offers riches to foreign brokers

While the Nikkei's continuing plunge – yesterday it fell through the 16,000 mark – has dragged down the fortunes of Japanese stockbrokers, a small band of foreign securities companies is raking in record returns.

Figures in Tokyo this week showed that in the year to March, the Japanese office of Salomon Brothers of the US made more profit than any Japanese broking company except Nomura Securities. Goldman Sachs, another Wall Street house, secured third place ahead of Daiwa Securities. Morgan Stanley and the securities arm of Société Générale were not far behind.

What particularly annoys Japanese broking company managers is that the successful foreign-owned operations make their money largely from trading their own capital using computer-driven programmes. No need for customers. Nor for Japanese-speaking staff. Nor, indeed, for anyone who knows anything about Japanese companies, say the Japanese.

Japanese brokers have tried to get into the game but have failed to keep up with the skills of the Wall Street imports. So they must rely on a dwindling flow of orders from investment clients, which is proving insufficient to keep them out of the red.

Japanese companies have even tried to persuade the Ministry of Finance to clamp down on arbitrage between the cash market and stock index futures – locking in profits between the cash and futures markets, a technique which gives scope for computer-programmed investment. In the past, Japanese brokerage officials have termed arbitrage trading as a "malaise" to the stock market.

The ministry has tightened the rules but cannot stop the practice altogether for fear of angering the US authorities.

The earnings figures could prompt further criticism from Japanese brokers and financial authorities of futures and options trading by foreign brokers. Even as the Nikkei average fell to a six-year low yesterday, Japanese brokers were quick to blame arbitrage trading for the decline. "The foreigners seem to be realising profits from arbitrage-selling, but profits are not everything," said Mr Tatsuhiko Kusuzawa, senior managing director at Yamaichi Securities.

According to results submitted to the Japanese finance ministry and then leaked, pre-tax profits at the 50 foreign brokers totalled Y49.2bn ($387.7m), 5.6 times higher than the previous year.

Market share for foreign brokers has also seen a steady rise, because of their expertise in options and futures trading. According to brokers' estimates, activity at foreign houses only accounted for 3 per cent of the market in the first half of 1988. Because of the sharp fall in orders for domestic institutions at the Japanese brokers, the figure has risen to 20 per cent.

However, the fates of foreign houses were divided among those with expertise in stock futures and options markets, and those relying on client orders.

Leading UK houses such as Barclays de Zoete Wedd, SG Warburg and County NatWest were among the 23 foreigners which posted pre-tax losses. County, in an effort to stop further losses, has shifted its focus on the derivatives markets and cut staff.

The Americans, on the other hand, have come out on top. Pre-tax profits at Salomon Brothers, Goldman Sachs and Morgan Stanley accounted for 85 per cent of total foreign brokers profits.

The figures will increase tensions between foreign and Japanese brokers as profits, even at the Big Four, are falling into the red on the operating level for the first quarter of this fiscal year.

However, one UK broker says the reign of the arbitrageurs will not last too long. "The arbitrage techniques have enabled companies to reap good profits in the past couple of years, but due to the increase in efficiency of the markets, arbitrage possibilities are narrowing." The demise of arbitrage activity could spell relief to some foreign brokers in Japan as well as the Japanese.

Markets, Back Page

Earnings of foreign brokers in Japan

	Stock trading on own account (Ybn)	Pre-tax profits (Ybn)
Top five earners		
Salomon Bros	31.4	23.9
Goldman Sachs	12.5	10.9
Morgan Stanley	25.4	7.3
Société Générale	10.8	6.9
BT Asia	0.4	2.5
Top five losers		
County NatWest	0.6	-2.4
SG Warburg	-0.2	-1.8
WI Carr	-0.3	-1.4
BZW	10m	-1.4
Lehman	0.7	-0.9

Nestlé plans move into Hong Kong food retailing

HK$1.5bn deal with Dairy Farm will increase Swiss group's presence in China, reports Simon Holberton

NESTLE, the Swiss food manufacturer, said yesterday it intended to pay HK$1.5bn (US$194m) for 51 per cent of the manufacturing assets in Hong Kong and southern China of Dairy Farm International, the Hong Kong-based international food retailer.

Dairy Farm said that it would sell a controlling stake in its wholly-owned Hong Kong dairy products manufacturer as well as control of its 70 per cent-owned Guangzhou (Canton) ice cream maker, Guangzhou Refrigerated Foods.

The deal, which is expected to be concluded in October, marks Nestlé's first move into food manufacture in the colony and increases its presence in mainland China. The Swiss company also plans to buy the Jardine Matheson-controlled Dairy Farm's brand names.

The two companies said they would establish a joint venture company to make and distribute ice cream and chilled products, such as milk and yoghurt, in Hong Kong and China.

Mr Chris Nelson, managing director of Dairy Farm, said the company had been looking for a partner for some time to help develop the possibilities for large-scale food manufacture now available in China.

"We have been getting so many approaches from other cities and provinces in China but we did not have the resources to meet the demands," he said.

The cash released to Dairy Farm by the sale will allow it to develop further its retailing operations in Hong Kong, Britain, Spain, Australasia, China and Taiwan.

The deal also marks a further retreat by Dairy Farm from manufacturing to distribution and retailing.

For Nestlé the deal adds a consumer food manufacturer to its other two main manufacturing interests in China.

In Heilongjiang, in north-east China, it makes infant foods and full cream milk powder; in Dongguan, south of Guangzhou, it has China's largest instant coffee manufacturing plant.

Mr K F Lim, Nestlé's chief in Hong Kong, said that the purchase of Dairy Farm's assets strengthens the company's position in Hong Kong.

The turnover of its two businesses in China was greater than Dairy Farm's in China, he added.

Mr Lim said that the potential of the Chinese market was great. Although it was false to look at it in terms of China's population of 1.2bn people, in the coastal provinces of the country there were between 300m and 400m people with money and the relative freedom of choice.

"When an economy reaches a certain stage as has China's, people can afford the luxury of choice," he said.

"It is then that products such as ice cream come into their own. We believe there is considerable room for growth in China."

Wellcome Trust in talks about size of share issue

By Maggie Urry in London

WELLCOME Trust, the medical charity, was last night meeting Robert Fleming, the global co-ordinator for the sale of Wellcome shares, to discuss the size of the planned issue. A preliminary indication of the amount of stock to be sold in the offering next month will be announced this Thursday.

The trust is cutting its stake in the pharmaceutical company, headed by Mr John Robb, from 73.5 per cent to below 50 per cent, and possibly to as low as 25 per cent. Estimates of the amount likely to be sold are currently around 35 per cent. The amount will be fixed at a level which Fleming believes will maximise the proceeds from the sale.

Shares in Wellcome, which produces Retrovir, the HIV treatment, and Zovirax, the anti-viral medicine, slipped 12p to 913p yesterday, a percentage fall in line with the FT-SE 100 index. However, since the trust announced its intention to sell a large part of its stake in early March, Wellcome's shares have fallen from 1126p, and underperformed the UK market.

The recent weakness of the stock market is affecting new issues in general. The price for The Telegraph flotation, to be announced today, is likely to be under 330p, lower than earlier hopes of up to 350p. Hollinger, the Canadian publisher headed by Mr Conrad Black, is selling 26m shares in The Telegraph to reduce its stake to 68 per cent.

Wellcome Trust's advisers at Fleming yesterday met managers of the nine regional syndicates assessing the level of interest among investors around the world.

Fleming and the trust will agree an indicative size for the issue but the tender does not officially open until July 6 and will remain open for two or three weeks after that. It is thought that Fleming does not wish to scale the offer down once the first indication of size is published and is therefore expected to fix that at a figure it is confident of reaching.

Fleming is using the "green shoe" mechanism under which it can increase the offer by 15 per cent. It would achieve this by over-alloting shares and then buying shares in the after-market to stabilise the share price. Thus while the maximum available to be sold is 48.5 per cent, the highest amount that would be put on offer is around 42.2 per cent.

Glaxo drug challenged by cheap rival

By Paul Abrahams in London

PROSPECTS OF a cheap rival to Glaxo's new migraine drug sent the share price sharply lower yesterday.

Sandoz Pharmaceuticals Corporation, the US subsidiary of the Swiss drugs group, announced preliminary results of clinical trials for DHE 45, an old product no longer covered by patents and therefore extremely cheap.

They showed that a single injection relieved pain in nearly half of patients within 30 minutes, and in most within an hour, according to the subsidiary. Studies have shown Glaxo's Imigran is more effective but it costs about £10 for each pill and about £20 for every injection. DHE 45 costs less than £1 an injection.

Imigran is thought by some analysts to be capable of eventually generating sales of more than $1bn a year.

Glaxo's share price dropped 22p yesterday, closing at 689p in a falling market.

Full details of Sandoz's DHE 45 study, involving 311 patients at 38 US clinics, will be announced next week. However, the drug has been associated with adverse side-effects in the past.

Mr Robin Gilbert, pharmaceuticals analyst at James Capel, said: "There is no doubt the drug works to some extent. The main question is the side-effect profile."

Analysts also raised doubts about the design of Sandoz's study. It was "open", meaning it was not compared with a placebo nor alternative therapies. Glaxo's trials for Imigran were far larger than those for DHE 45 and were placebo-controlled and double-blind – meaning the clinicians did not know which patient received which medicine until after the results were compiled.

Sandoz's US arm was spurred into financing the trials after Glaxo's substantial efforts for Imigran, known in the US as Imitrex, appeared to be creating a new market for migraine treatments. Glaxo claims there is no effective alternative. DHE 45 has been available since the 1950s.

Imigran has been licensed in 18 countries but is yet to receive a licence in the US where there are about 11.2m migraine sufferers a year, according to figures given to the International Headache Congress last year.

The US Food and Drug Administration asked last autumn for additional data from studies currently under way to demonstrate the long-term safety of Imigran.

MGN banks agree £260m two-year credit facility

By Raymond Snoddy

THE immediate financial pressure on Mirror Group Newspapers eased last night with the announcement that the company's banks had finalised a £260m ($481m) financial package.

The deal comes on the eve of the release of the UK newspaper group's first accounts since its flotation on the London Stock Exchange last May. The £260m refinancing has been provided by a small group of banks led by National Westminster and Midland Bank. Leasing finance of around £180m also remains in place.

MGN, which includes the Daily Mirror, Sunday Mirror, The People, Scottish Daily Record and Sunday Mail, said yesterday the two-year credit facility "strengthens the group and provides financial stability for the future".

MGN has been trading profitably in spite of Mr Robert Maxwell's death, and is expected to announce trading profits of around £80m today.

Money missing from the MGN accounts, losses suffered by its pension funds and a series of Maxwell deals charged to the MGN accounts are likely to lead to losses of around £300m.

The costs range from a loss on the sale of a stake in Quebecor Printing, the Canadian commercial printing company, and a £24m loan attributable to MGN for financing and consultancy charges paid to banks.

Since December, the majority stake in the newspaper group, owned by Mr Maxwell's private interests, has been in administration. The stake is effectively controlled by a group of banks because MGN shares were pledged as collateral for loans.

Mr John Talbot, of Arthur Andersen, administrators to the private Maxwell interests, has said he has no plans to sell the stake.

Today's accounts should give some indication about the financial health of MGN.

The company wants its shares, suspended at 125p in early December, to be relisted, although this is thought unlikely for at least another two weeks. A relisting would almost certainly lead to a sharp fall in share price.

BSN to take control of Belgian brewer

By Alice Rawsthorn in Paris

BSN, the French food group, is expanding its interests in Belgium by taking control of Alken-Maes, one of the largest Belgian breweries which produces Maes Pils and Cristal.

The French company is increasing its stake in Alken-Maes, which had sales of BFr5.73bn ($177m) in 1991, from 50 to 75 per cent. For BSN, already Europe's second biggest brewing group, the Belgian deal forms part of a programme of increasing its international beer interests, which provided a tenth of its FFr66bn ($12.69bn) group sales last year.

Earlier this year, BSN strengthened its position in the Spanish beer market by buying a 24 per cent stake in San Miguel, one of the country's best known beer brands. BSN already had substantial a brewing business in Spain due to its 33 per cent holding in the Mahou brewery.

BSN, under its veteran chairman, Mr Antoine Riboud, has become one of the most aggressive players in the increasingly competitive European food market by developing an international portfolio of products in sectors such as mineral water and biscuits.

Earlier this year, it emerged as one of the leading players in the battle for Perrier, the French mineral water and cheese company, by siding with its old rival, Nestlé of Switzerland, in a bid to win control of Volvic mineral water.

● Cockerill Sambre, the Belgian steelmaker, expects to make a profit at both group and parent company level for the whole of 1992, Reuter reports from Brussels.

Mr Jean Gandois, chairman, told yesterday's annual and extraordinary shareholders' meetings that the first half of the year had been fairly positive and "we have made a profit".

In late April, Cockerill reported that its 1991 group net profit fell sharply to BFr3.6bn from BFr12.47bn in 1990.

Dissent resurfaces at Hoesch meeting

By Quentin Peel in Bonn

SHAREHOLDERS in Hoesch, the Dortmund-based German steelmaker, yesterday bowed to the inevitable and gave the green light to their takeover by the rival Essen-based Fried. Krupp group.

Yet it was not without angry criticism of the whole "shotgun wedding" from the floor at yesterday's seven-hour annual meeting.

The 850 shareholders in attendance voted by a large majority to do away with the company rule that a single shareholder can only exercise a maximum voting right of 15 per cent. That allowed Fried. Krupp, led by Mr Gerhard Cromme, the chief executive who plotted the whole campaign, to use the full 62 per cent of the capital it has acquired, since launching the "forced merger" bid last October.

Mr Cromme and three other Krupp executives were elected to the Hoesch supervisory board, and Mr Cromme was expected to be elected chairman last night.

The resistance to the merger came especially from Hoesch employee-shareholders, according to the VWD news agency, after they gave notice of no fewer than 90 contrary resolutions to the proposals of the Hoesch supervisory board.

Accusations from the floor were directed at both Mr Kajo Neukirchen, chief executive of Hoesch, and Dr Herbert Zapp of Deutsche Bank, the chairman of the supervisory board.

The merger was described as "an unnecessary forced marriage", and the Hoesch executives were blamed for failing to defend the company from the onslaught from Essen, according to VWD.

One shareholder described the Krupp merger as "an assault on the self-esteem of the people of Dortmund", underlining the furious local rivalries aroused by the deal.

There was also anger that at information given at the meeting that Mr Neukirchen, only appointed as Hoesch chief executive last year, will still receive more than DM6m, the full remaining value of his five-year contract, if he leaves the company early after the merger, the agency reported.

The dissident shareholders demanded binding guarantees for the preservation of jobs at Hoesch. Mr Neukirchen insisted that the "realisation of synergies" from the merger would not result in any significant job cuts at Hoesch "in the foreseeable future".

He said the company had also started the year with an operating result standing DM80m ($50.6m) above the same period of 1991. In 1991, Hoesch managed to make a profit of just DM126.8m on turnover of DM13.1bn. The shareholders will receive an unchanged dividend of DM10 on each DM50 share.

Two French bank heads replaced

By Alice Rawsthorn

THE HEADS of two of France's nationalised banks, Crédit Industriel et Commercial (CIC) and Société Marseillaise de Crédit (SMC), have been replaced in the French government's regular three-yearly review of the senior management of state-controlled companies.

Mr Jean-Pierre Aubert, 49, has replaced Mr François Cariès, 65, as chairman of CIC, the federation of regional banks controlled by Groupe des Assurances Nationales (GAN), the public sector insurance group. Mr Aubert has for the past three years been chairman of CIC-Paris.

GAN took control of CIC in 1989, the year that Mr Cariès became chairman. The takeover followed a turbulent period for the bank which had been heavily exposed to a number of bad loans including those to the collapsed Al Saudi Banque.

The CIC banks have since undergone radical rationalisation to try to control costs and improve profitability. This programme is expected to continue under Mr Aubert's chairmanship. CIC recently reported a 12 per cent fall in profits for last year to FFr714m ($137.3m).

The new chairman of SMC will be Mr Jean Matouk, 54, taking over from Mr Jean-Paul Escande, who has headed the bank since 1982. Mr Matouk, a former adviser on economic and financial affairs to President François Mitterand, is now head of the Caisse Nationale de l'Energie.

SMC, which is under-capitalised, fell into the red in 1991 by moving from a profit of FFr11m into a loss of FFr17.4m.

Swedish bank in leadership change

By Robert Taylor in Stockholm

GOTA, Sweden's fourth-largest commercial bank, yesterday announced the appointment of a new president and chief executive from September 1.

The move follows last week's announcement of a SKr13.5bn ($2.4bn) five-year financial insurance plan designed to stabilise the bank in the face of mounting financial troubles caused by credit losses this year estimated at around SKr4bn in 1992.

Mr Per Lundberg, at present deputy chief executive of Investor, the investment company controlled by the Wallenberg family, will take charge of the bank. He will also take a leading position in the insurance giant Trygg-Hansa SPP, which is the dominant shareholder in Gota.

Most of Mr Lundberg's business career has been within the Wallenberg empire. He began work with Stockholm's Enskilda Bank in 1969. After its emergence in 1972 as Skandinaviska Enskilda Banken, he became head of company analysis and credit administration. From 1979 until last year, Mr Lundberg was chief executive of Providentia, the Wallenberg-controlled investment company that was recently merged with Investor.

Mr Lundberg also sits on the boards of a number of the Wallenberg companies, including Atlas Copco and Saab Automobile.

Mr Bjorn Sprangare, chief executive of Trygg-Hansa SPP, said Mr Lundberg's long experience with SEB and Providentia, as well as his work on the boards of industrial companies, made him well-qualified to lead Gota.

Mr Lundberg replaces Mr Gabriel Urwitz who has been Gota's president and chief executive since 1989.

In a statement, Mr Urwitz said it had been important to give Gota a stronger base for the future. Having achieved this goal, he added, it was the right moment for a change of leadership at the bank.

OMV facing sharp drop in earnings

By Eric Frey in Vienna

OMV, the Austrian oil company, is facing a sharp drop in 1992 earnings following a loss in the first five months of the year.

The company, which is majority-controlled by the state holding group Austrian Industries (AI), is said to have suffered a Sch100m ($9m) shortfall in the January-May period, mostly because of losses at its plastics subsidiary PCD.

The fiscal year's poor start could cut the full-year operating profit to about Sch1bn from Sch1.7bn last year, which would damage AI's chances to undertake its scheduled initial public stock flotation in 1993, industry sources say.

OMV generates nearly half of its parent company's annual earnings. An OMV spokesman declined to confirm the figures, which were reported in the Austrian press.

For the first quarter, OMV reported a loss of Sch300m, but the company's results usually improve in the course of the year.

Industry sources say OMV still aims for an operating profit of Sch1.5bn for 1992, which would permit the company to keep its dividend at Sch20 a share.

Computer groups in European venture

By Alan Cane

EUROPE'S three remaining indigenous large computer manufacturers have formed a joint venture to develop trans-European systems for public authorities.

Groupe Bull of France, Olivetti of Italy and Siemens-Nixdorf of Germany said yesterday they had created a new company, Trans European Information Systems (TEIS), will be headquartered in Brussels.

TEIS, which will have the legal structure of a European economic interest group, is a further step in a scheme to build a European-wide computer network – the "European Nervous System" – which the three manufacturers have been exploring for over a year. They have already established several laboratories to work on technical aspects of the system.

The European Nervous System originated in an idea floated by the European Commission but has been seized on by Europe's beleaguered computer manufacturers.

The two major benefits are an increase in sales of data processing equipment through a form of public procurement which could not be seen as financial aid and the opportunity to gain valuable experience of large scale projects. They complain that US computer companies have benefited greatly from their involvement in large public sector and defence projects.

TEIS will provide local authorities with applications that improve the availability of information technology services within the framework of the single European market.

Hungary launches third stock market tier

By Nicholas Denton in Budapest

HUNGARY yesterday launched a third tier to its stock market in an attempt to bolster interest in the Budapest market and draw over-the-counter trading onto the market floor.

Rules come into effect this week, on the second anniversary of the Budapest Stock Exchange, setting up the new category, the Free Market, for public securities which do not meet full listing requirements.

The latest category allows any BSE member, rather than just the issuing company, to introduce a security onto the new market once it has met a simplified set of requirements.

Trading is expected to begin next week but brokers do not expect the new market to build up momentum until the second half of this year.

Shares in up to 40 public companies, including the main commercial banks, and 260 bonds are candidates for the new market. That compares with 21 listed shares and only one company bond with a full BSE listing.

The rigour of full listing requirements has deterred many companies from the BSE. The exchange estimates that between 80 and 90 per cent of securities trading takes place outside the official market.

With own turnover languishing the BSE is keen to inject new interest. Trading volume for all securities in May was a disappointing Ft2.3bn ($30m).

The authorities had long planned a third market but were only able to move ahead with it after the opening of a new trading floor last month.

● Postabank is to raise Ft3bn via a public offer of shares, Reuter reports. It will offer shares at par between June 26 and October 16.

National Bank of Kuwait regains vigour after surviving Gulf crisis

The first full set of results since the invasion suggests NBK is stronger than ever, writes David Barchard

WHEN Iraq invaded Kuwait in August 1990, the emirate's banking system was shattered. But within a few months of the invasion, National Bank of Kuwait (NBK), the largest Kuwaiti bank, was up and running again.

In May this year, NBK published results for the combined years of 1990-91, its first full set of figures since the invasion. They are impressive by any standards.

Though group assets have fallen by 21 per cent since 1989 to $10.17bn, profits of $155.5m are 32 per cent higher and – to judge by the strength of its capital base – NBK looks even more muscular than it did before the invasion.

Its risk-to-assets ratio has risen from 14.4 per cent before the invasion to 15.2 per cent in May. By the standards of most banks in North America and Europe, this suggests almost excessive caution. But NBK takes the view that it lives in a hazardous part of the world and needs a stronger capital base than western banks.

Just how hazardous was shown on August 2 1990 when Iraqi troops marched into Kuwait City. By a happy coincidence, NBK's chairman, Mr Mohamed Abdul Mohsin Al-Kharafi, and most of its directors were in London that day, as was Mr Ibrahim Dabdoub, its chief general manager.

As a result, there was never any question about the validity of decisions taken in exile, and lines of authority inside the bank were never in question.

By 10.20am on the morning of the invasion, the bank's board had sent out messages worldwide, revoking all the powers of the Kuwait-based operations. At that point, about half the bank's assets and 65 per cent of the loan portfolio was outside Kuwait.

Even so, in the immediate aftermath of the invasion, the bank's management had to battle desperately on three fronts. One was the struggle to get freezing orders against Iraqi and Kuwaiti banks in western countries lifted so that its branches outside Kuwait could function normally. It took three days to get the US authorities to lift their order and a week before a similar order in the UK was removed.

Meanwhile, the bank's staff had to cope with thousands of customers stranded outside the country with traveller's cheques and credit cards which no longer worked. Not surprisingly, many of them quickly switched to banks based in western countries.

NBK's branches never formally closed down during the days of the freeze, but they were at a considerable disadvantage when handling customer needs. "We lost quite a few customers in the first few weeks after the invasion," NBK says.

Since then, it has regained much of the lost business and taken on new customers, largely as Kuwaiti customers of the country's other banks shifted to it.

The third and trickiest problem was to regain access to its records housed in its head office in Kuwait City. Computer records were quietly collected and driven out of Kuwait and into Jordan via Iraq by courageous employees. Within a few months, all the bank's records were reunited at its temporary headquarters in London.

There followed months in which NBK's prime concern was to remain liquid and ensure that the rest of the international banking system could see that it was making its payments on time. Cut off from its traditional funding base of customers' deposits, it sold assets furiously, shedding much of its loan portfolio and commercial paper to keep up with commitments.

In December 1990, NBK published interim results. These showed that the bank in exile had total assets of $5.6bn, about 43 per cent of its pre-invasion size. By then, NBK had two strategies in place.

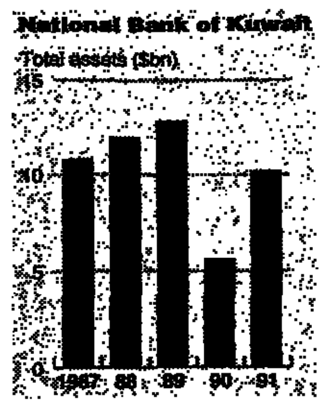
The first strategy was designed to ensure it could operate indefinitely in exile if Kuwait remained under Iraqi control. The other was to start making tentative preparations for the work that would be needed once a return to Kuwait City took place.

As it turned out, there had been little physical damage to its Kuwait head office. A new mainframe computer was installed and the bank began functioning again in its old headquarters.

But the environment in which it operated had changed dramatically. The Kuwaiti government confiscated Kuwaiti banks' hidden reserves and collateral. Along with other banks, NBK had to accept government bonds in exchange for its domestic loan portfolios.

It also lost about 100 staff as part of the general exodus of Palestinians from Kuwait after the war. Mr Dabdoub, the chief general manager and the driving force in the bank, is Palestinian. He remained in London until eight months after the war's end.

A post-war strategic review of its future concluded that NBK's existing strategy as a regional niche player should continue unchanged. "We are fully back to normal, even if we are a bit smaller," NBK says.



GE and Hitachi expand joint venture activities

By Andrew Baxter

GENERAL Electric of the US and Hitachi of Japan have announced an expansion of their long-standing co-operative agreements, opening up new opportunities for GE to export power transmission and distribution technology to Japan.

The two companies said yesterday they had entered into long-term co-operative agreements designed to strengthen their competitive position in the utility transmission and distribution market.

The agreements extend for another 10 years the companies' joint venture, launched in 1977, to market high-voltage breakers in the US. The venture will change its name from High Voltage Breakers to GE-Hitachi HVB.

The new agreement also allows GE to access the Japanese market with its transmission and distribution equipment, and provides for the sharing of technology.

Obtaining access to the Japanese transmission and distribution market is a significant boost for GE, complementing the position it has already established in power generating equipment. GE is prime contractor on Tokyo Electric Power's 2,800MW combined cycle plant, the largest in the world, which is due for completion in the mid-1990s.

Chevron signals interest in Kazakhstan pipeline project

By Alan Friedman in New York

CHEVRON, the fourth-largest US oil and gas company, has signed a memorandum of understanding expressing its interest in joining a consortium that is planning to build a pipeline to transport oil from the former Soviet republic of Kazakhstan.

The San Francisco-based company stressed yesterday it was not yet a formal partner in the consortium, which is led by the government of Oman. Chevron added it would only consider joining the consortium once the pipeline had been constructed.

Chevron is, however, already deeply involved in the exploration for oil in Kazakhstan, having last month signed an agreement with the republic that could lead to the multi-billion dollar development of an area covering about 4,000 sq km.

Oman, which announced the pipeline plan, said the completion cost could range between $700m and $1.6bn, depending on the route chosen from Kazakhstan. The pipeline plan calls for the shipment of oil from the former Soviet republic to world markets along one of eight possible routes – these could run to the Mediterranean, the Black Sea or the Persian Gulf.

Oman and Kazakhstan last week signed an accord to form the pipeline consortium. Officials in the energy industry say Chevron is just one of several possible consortium partners being canvassed by the two governments.

Corning held back by charge

By Karen Zagor in New York

CORNING, the US specialty glass group, yesterday turned in underlying second-quarter earnings of $88.4m, or 47 cents a share, a 15 per cent advance on the same period last year.

However, net income was reduced by a pre-tax charge of $16.3m linked to a special charge to cover costs related to silicone breast implants at Dow Corning, a 50-50 joint venture between Corning and Dow Chemical. As a result, Corning had net income of $72.1m, or 38 cents, against $75.9m, or 41 cents, a year earlier.

Sales in the period rose 19 per cent to $926.7m from $778.2m.

For the first half, Corning had net income of $150.2m, or 79 cents, on sales of $1.72bn. The results compare with earnings of $124.3m, or 67 cents, on sales of $1.47bn a year earlier.

FDA approves Merck drug

MERCK, the world's biggest pharmaceutical company, has received US regulatory permission to market its Proscar drug for the treatment and control of benign prostate disease, writes Karen Zagor.

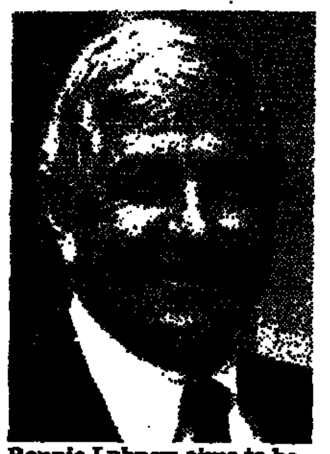
The Food and Drug Administration's ruling comes about four months after an advisory panel to the US watchdog decided that the benefits of Proscar outweighed the risks.

Although the FDA had been widely expected to approve the drug after the advisory panel's decision, news that Proscar would be on the market by late July spurred active trading in Merck shares, which rose $¾ to $49 by mid-session yesterday.

Merck believes that Proscar will be its next $1bn product. Earlier this month Proscar was approved for marketing in the UK.

S African glass group cuts payout on earnings slide

By Philip Gawith in Johannesburg



Ronnie Lubner: aims to be globally competitive

PLATE GLASS and Shatterprufe Industries (PGSI), part of the South African Breweries stable, reported a steep drop in earnings and is cutting its dividend.

Increased second-half US losses and weakness in domestic markets left net attributable earnings 24.5 per cent lower at R50.8m ($14.1m) for the year to March 1992. The dividend is going down by 32 per cent to 150 cents a share.

The directors said, however, they expected earnings growth in the current year as losses in Belron International, focus of the group's international trading activities, were expected to be considerably lower.

Turnover last year dropped by 14 per cent to R1.98bn, due mainly to discontinued operations. Margins were also squeezed because of difficult trading conditions and development costs.

This caused operating profit to fall by 19 per cent to R248m. At the net level, lower interest and tax bills were offset by an increase in preference dividends and an unchanged minority share.

Last year's second half was eventful for PGSI with the acquisition from Pilkington of a half-share in Glass and of furniture group Afcol's 24 per cent holding in PG Bison.

A R354m rights issue was successfully concluded. SA Breweries now has an effective 67 per cent controlling interest in PGSI following the acquisition of Placor, PGSI's holding company, and its financial participation in the Glass and PG Bison deals.

Mr Ronnie Lubner, chairman, said the group planned to focus on continued leadership of the South African board and glass industries and on aggressive development of the offshore automotive replacement glass (ARG) installation business. PGSI has 600 ARG outlets in 11 countries.

"Following the Pilkington and Afcol deals, we now hold 97 per cent and 72 per cent of Glass and PG Bison respectively. We will continue to defend our position against imported glass and strive to be globally competitive," said Mr Lubner.

Other than the UK, Benelux and central Africa, which returned good results, the other main divisions experienced lower profits. Efforts by US management to cut costs and increase marketing initiatives were countered by a 4 per cent market dip and falling prices. Increased competition and the slowdown in the automotive, building and furniture industries in South Africa hampered the performance of local operations.

GIO flotation set at A$2.40

GIO Australia, the insurer being privatised by the New South Wales state government, will be offered to the public at A$2.40 a share, according to Mr Nick Greiner, the state's premier, Reuter reports from Sydney.

Institutions have been invited to tender at prices between A$2.10 and A$2.40 a share. A total of 500m shares will be issued, Mr Greiner said in launching the prospectus for the flotation.

The government hopes to raise A$1.2bn (US$799m) from the sale of 100 per cent of GIO, which had net assets at end-1991 of A$1.06bn. GIO was formerly the Government Insurance Office, a general insurance company owned by the state government.

The final price will be set on the basis of public and institutional demand. "All investors, both institutional and private, will pay the same price for shares," the state government said.

Directors have forecast an operating profit after tax for the year to June 30 1992 of A$105m, or 21 cents a share, compared with A$95m in the year to June 1991. GIO intends to pay a 14 cents a share dividend in November 1992.

"Directors expect to maintain the dividend in respect of 1992/93 and it will be payable in May and November of each year," the state government said.

Institutions have to apply for 50,000 shares or more. The offer, underwritten by County NatWest, Bain and Co and Potter Warburg, opens on June 29 and closes on July 24.

GIO shares are due to be listed on the Australian Stock Exchange on August 20. At A$2.40, a share GIO will be capitalised within the top 50 companies in Australia.

Foreign investors will be allowed to take part in the flotation. All investors will be limited to a 10 per cent stake on application and an on-going shareholding of 15 per cent.

GIO was established in 1927 to provide workers' compensation and general insurance for the New South Wales government and now manages about A$8bn in assets.

It is ranked A for long-term debt and A-1 for short-term debt by credit rating agency S&P Australian Ratings.

"The privatisation is a key plank of my government's micro-economic reforms," Mr Greiner said, adding that it was the country's first ever 100 per cent privatisation by flotation.

The federal government last year floated 30 per cent of Commonwealth Bank of Australia.

'No malign effect' of stock index futures trade

By Tracy Corrigan

THERE is no evidence that trading in stock index futures increases volatility in the underlying UK stock market, according to a report commissioned by the Securities and Investments Board.

The Financial Markets Group of the London School of Economics was commissioned to examine the linkage of cash and derivatives trading in the UK equity market, after concern about the negative impact of futures trading following the 1987 stock market crash.

The report goes some way to refuting suggestions that futures trading increases volatility and undermines traditional markets.

"That the study finds no indiction of such malign effects in the UK is reassuring," the SIB commented.

The report comes at a time of mounting concern about the risks inherent in derivatives trading, particularly among bank regulators.

Mr Gerald Corrigan, who heads the Basle-based Committee on Banking Supervision, and Mr Richard Farrant, head of banking supervision at the Bank of England, are among supervisors to have expressed concern recently.

In a speech in London in March, Sir David Walker, then chairman of the SIB, also warned of the risks inherent in derivatives business.

"This is a market for management to watch with particular care," he said.

The SIB has invited comments on the LSE report in an effort to build a broader picture based on the views of market participants.

Meanwhile, the Group of Thirty, the Washington-based think-tank, is about to begin a wide-ranging review of the risks which have built up in the financial system as a result of the explosive growth of derivatives markets in the last decade.

Indocement unveils $848m acquisitions

By William Keeling in Jakarta

INDOCEMENT, Indonesia's largest quoted company, has announced conditional acquisitions totalling Rp720bn ($848m). The purchases, which are in food and property, will diversify Indocement away from the cement sector in which it accounts for 52 per cent of national capacity.

The principal acquisition is PT Bogasari Flour Mills, an integrated flour milling company with an estimated 85 per cent market share in wheat flour and cash-flow of about Rp160bn a year. The purchase cost of Rp1,179bn includes the assumption of about Rp350bn of debt, a cash payment of Rp220bn and the issuance of long-term promissory notes totalling $300m.

Indocement will also acquire a 51 per cent stake in the Indofood Group for Rp777bn; the group of nine principal companies and 20 subsidiaries produces more than 140 products and is a leading producer of instant noodles.

The final acquisition is Wisma Indocement, an 23-storey office building in central Jakarta for which the company is paying $56m.

The reaction of brokers to the announcement was mixed. They say all three purchases are from the "Salim Group", a loose collection of companies in which Mr Soedono Salim, reputedly Indonesia's richest businessman, is a major shareholder.

Companies in which Mr Salim has an interest hold over a 40 per cent stake in Indocement, which has a market capitalisation of Rp7,396bn. Mr Salim and five other commissioners and directors of Indocement have announced an interest in the companies to be purchased.

The reaction of brokers in Jakarta to the announcement was mixed. The food sector is expected to have high growth over the medium-term, but the flour industry is highly protected and may be the subject of deregulation shortly.

Although analysts were expecting Indocement to make large-scale acquisitions, they expressed surprise that there was no mention of likely purchases at the annual meeting held earlier this month.

A local broker noted "a lack of synergy between cement and instant noodles" but conceded that "Indocement has gone as far as it can as a cement company and needs to diversify".

Indocement says the purchases will be paid out of cash resources of Rp400bn and long-term borrowing of Rp1,320bn. This will give Indocement a debt-to-equity ratio of 132 per cent and brokers say a new share issue is likely within a year.

Tax increase cuts Macquarie profits 11%

MACQUARIE Bank, the unlisted Australian merchant bank, yesterday revealed that a higher tax charge led to an 11 per cent fall in net profits to A$47.21m (US$35.4m) for the year to March 31, Reuter reports from Sydney.

However, Mr Tony Berg, managing director, said the bank expected an increase in earnings in the current year because of growth in its businesses through better trading conditions and new products and services.

Macquarie is 16 per cent owned by Hill Samuel Bank, the UK merchant bank which is part of the TSB group. Mr Berg said Hill Samuel was going ahead with plans to sell its stake in Macquarie Bank by December 31.

Macquarie said pre-tax profit for the year to March 31 rose 4 per cent to A$76.39m. Tax expenses rose to A$29.18m from A$20.59m.

Mr David Clarke, chairman, said: "The 12 months ending March 31 1992 were difficult for Australia and even more difficult for its banking sector.

"While the recession has affected several of the bank's businesses, it has given us the opportunity to make gains through capitalising on difficult market conditions to increase our market share," he said.

Total assets were steady at A$2.36bn at March 31, while group shareholders' funds rose to A$272.8m during the year from A$236.5m.

Provisions for bad debts, mostly on property loans, fell to A$10.2m, from A$16.2m in 1990-91.

Mr Berg said he expected moderate growth in the Australian economy in the current year, but there was unlikely to be significant growth in corporate or financial market activity.

Macquarie said 27.6 per cent of its income came from trading businesses in the year to March 31, 34.6 per cent from fees and commissions and 37.6 per cent from interest margins.

Argentine privatisation by stealth

John Barham on the flotation of YPF, the national oil group

THE privatisation of Yacimientos Petroliferos Fiscales (YPF), Argentina's national oil company, gets underway early next year. Bit by bit, the group will be floated on local and international equity markets with the aim of eliminating the federal government's shareholding.

A start will be made in January with the sale of American Depositary Receipts (ADRs) in New York and London, together with straight equity in Buenos Aires.

Eventually these tranches, amounting to 51 per cent of YPF, are expected to raise around $4bn.

Rather than place the shares on the market at one go, the government plans to ration the flotation over a number of tranches. The rest of YPF will be held by employees with 10 per cent and provincial governments with 39 per cent.

However, the government has yet to get parliamentary approval for the sale. The government submitted a bill in November, expecting it to sail through Congress. But senators want the state to retain a minority stake in YPF.

Mr José Estenssoro, the YPF president who spent most of his career in the private-sector oil industry, says his ultimate aim is to slim down YPF into an integrated, well-balanced oil company with annual sales of $8bn.

His reform plan was drawn up together with McKinsey and Arthur D. Little, the US management consultants. This calls for drastic reshaping of YPF. He says: "I am downsizing the company by cutting away all the fat."

Eventually the workforce will be reduced to 12,000 from 52,000 in 1990.

The group has already raised $1.53bn from asset sales, mainly the disposal of stakes in oilfields. Other assets earmarked for sale include pipeline networks and a tanker fleet.

YPF's financial performance is beginning to improve. It estimates 1991 sales at $5bn, which would be an increase of around 20 per cent on 1990, and says profits for last year should emerge at more than $300m.

In the four months to April, YPF's share of national oil output fell to 59 per cent, or 5.93m cubic metres. Two years ago, it produced 97 per cent of Argentina's oil.

Mr Estenssoro says new management and control systems should be implemented and operational by January, 1993 and restructuring should be at least 70 to 80 per cent complete by 1993.

This, he says, should leave the ground well prepared for the first international issue of shares in YPF.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, June 22, 1992. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	53.3172	34.048	41.9661
Albania	(Lek)	93.00	49.9597	31.9039	39.3234
Algeria	(Dinar)	39.75	21.3537	13.6363	16.8076
Andorra	(Fr Fr)	9.8150	5.2726	3.367	4.1501
	(Sp Peseta)	183.40	98.5226	62.9159	77.5475
Angola	(Kwanza)	997.15	535.67	342.075	421.628
Antigua	(E Carr $)	5.0235	2.6986	1.7233	2.1241
Argentina	(Peso)	1.8445	0.9908	0.6327	0.7799
Aruba	(Florin)	3.3305	1.7891	1.1425	1.4082
Australia	(Aus $)	2.4805	1.3325	0.8509	1.0488
Austria	(Schilling)	20.535	11.0314	7.0445	8.6828
Azores	(Port Escudo)	242.35	130.191	83.1389	102.474
Bahamas	(Bahama $)	1.8615	1	0.6385	0.7871
Bahrain	(Dinar)	0.6995	0.3757	0.2399	0.2957
Balearic Is	(Sp Peseta)	183.40	98.5226	62.9159	77.5475
Bangladesh	(Taka)	70.50	37.8726	24.1852	29.8097
Barbados	(Barb $)	3.7420	2.0102	1.2837	1.5822
Belgium	(Belg Fr)	60.05	32.2589	20.6003	25.3911
Belize	(B $)	3.7210	1.9989	1.2765	1.5733
Benin	(CFA Fr)	490.75	263.631	168.353	207.505
Bermuda	(Bermudian $)	1.8615	1	0.6385	0.7871
Bhutan	(Ngultrum)	52.10	27.9881	17.873	22.0295
Bolivia	(Boliviano)	7.20	3.8678	2.4699	3.0443
Botswana	(Pula)	3.9215	2.1066	1.3452	1.6581
Brazil	(Cruzeiro)	6018.70	3233.25	2064.73	2544.9
Brunei	(Brunei $)	3.0140	1.6191	1.0339	1.2744
Bulgaria	(Lev)	40.00	21.488	13.7221	16.9133
Burkina Faso	(CFA Fr)	490.75	263.631	168.353	207.505
Burma	(Kyat)	11.2275	6.0314	3.8516	4.7473
Burundi	(Burundi Fr)	373.50	200.645	128.13	157.928
Cambodia	(Riel)	1581.40	849.53	542.504	668.668
Cameroon	(CFA Fr)	490.75	263.631	168.353	207.505
Canada	(Canadian $)	2.2250	1.1952	0.7632	0.9408
Canary Is	(Sp Peseta)	183.40	98.5226	62.9159	77.5475
Cp. Verde	(CV Escudo)	122.60	65.8608	42.0583	51.8393
Cayman Is	(CI $)	1.5815	0.8495	0.5425	0.6687
Cent.Afr. Rep	(CFA Fr)	490.75	263.631	168.353	207.505
Chad	(CFA Fr)	490.75	263.631	168.353	207.505
Chile	(Chilean Peso)	664.60	357.024	227.993	281.015
China	(Renminbi Yuan)	10.1405	5.4474	3.4787	4.2877
Colombia	(Col Peso)	1159.20	622.724	397.667	490.148
CIS	(Rouble)	1.0438o	0.5607	0.358	0.4413
		157.82m	84.781	54.1406	66.7315
Comoros	(CFA Fr)	490.75	263.631	168.353	207.505
Congo (Brazz)	(CFA Fr)	490.75	263.631	168.353	207.505
Costa Rica	(Colon)	229.75	123.422	78.8164	97.1458
Côte d'Ivoire	(CFA Fr)	490.75	263.631	168.353	207.505
Cuba	(Cuban Peso)	1.4090	0.7569	0.4833	0.5957
Cyprus	(Cyprus £)	0.8345	0.4482	0.2862	0.3528
Czechoslovakia	(Koruna)	52.72c	28.3212	18.0857	22.2917
		50.89t	27.3381	17.4579	21.5179
Denmark	(Danish Kroner)	11.2150	6.0247	3.8473	4.742
Djibouti Rep	(Djib Fr)	321.00	172.442	110.12	135.729
Dominica	(E Carrib $)	5.0235	2.6986	1.7233	2.1241
Dominican Rep	(D Peso)	24.1865	12.993	8.2972	10.2268
Ecuador	(Sucre)	2647.65o	1422.32	908.285	1119.51
		2823.30a	1516.68	968.542	1193.78
Egypt	(Egyptian £)	6.1600	3.3091	2.1132	2.6046
El Salvador	(Colon)	14.9155	8.0126	5.1168	6.3067
Equat'l Guinea	(CFA Fr)	490.75	263.631	168.353	207.505
Ethiopia	(Ethiopian Birr)	3.8270	2.0558	1.3128	1.6181
Falkland Is	(Falk £)	1.00	0.5372	0.343	0.4228
Faroe Is	(Danish Kroner)	11.2150	6.0247	3.8473	4.742
Fiji Is	(Fiji $)	2.7500	1.4773	0.9433	1.1627
Finland	(Markka)	7.9525	4.272	2.7281	3.3625
France	(Fr)	9.8150	5.2726	3.367	4.1501
Fr. Cty/Africa	(CFA Fr)	490.75	263.631	168.353	207.505
Fr. Guiana	(Local Fr)	9.8150	5.2726	3.367	4.1501
Fr. Pacific Is	(CFP Fr)	175.00	94.0102	60.0343	73.9957
Gabon	(CFA Fr)	490.75	263.631	168.353	207.505
Gambia	(Dalasi)	16.3540	8.7853	5.6102	6.915
Germany	(D-Mark)	2.9150	1.5659	1	1.2325

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Ghana	(Cedi)	750.00	402.901	257.29	317.125
Gibraltar	(Gib £)	1.00	0.5372	0.343	0.4228
Greece	(Drachma)	355.70	191.082	122.024	150.402
Greenland	(Danish Krone)	11.2150	6.0247	3.8473	4.742
Grenada	(E.Carr.$)	5.0235	2.6986	1.7233	2.1241
Guadaloupe	(Local Fr)	9.8150	5.2726	3.367	4.1501
Guam	(US $)	1.8615	1	0.6385	0.7871
Guatemala	(Quetzal)	9.6100	5.1625	3.2967	4.0634
Guinea	(Fr)	1511.25	811.845	518.439	639.006
Guinea-Bissau	(Peso)	9302.50	4997.31	3191.25	3933.4
Guyana	(Guyanese $)	230.90	124.04	79.2109	97.6321
Haiti	(Goude)	9.3025	5	3.1912	3.9334
Honduras	(Lempira)	10.0785	5.4141	3.4574	4.2615
Hong Kong	(HK $)	14.3940	7.7324	4.9379	6.0862
Hungary	(Forint)	145.20	78.0016	49.8113	61.3953
Iceland	(Icelandic Krona)	105.4120	56.6274	36.1619	44.5716
India	(Indian Rupee)	52.10	27.9881	17.873	22.0295
Indonesia	(Rupiah)	3778.25	2029.68	1296.14	1597.57
Iran	(Rial)	2665.0v	1431.64	914.237	1126.85
		120.10o	64.5178	41.2006	50.7822
Iraq	(Iraqi Dinar)	0.5936	0.3188	0.2036	0.2509
Irish Rep	(Punt)	1.0905	0.5858	0.374	0.461
Israel	(Shekel)	4.5550	2.4469	1.5626	1.926
Italy	(Lira)	2203.50	1183.72	755.918	931.712
Jamaica	(Jamaican $)	40.9310	21.9881	14.0415	17.3069
Japan	(Yen)	236.50	127.048	81.132	100
Jordan	(Jordanian Dinar)	1.2585	0.676	0.4317	0.5321
Kenya	(Kenya Shilling)	59.7405	32.0926	20.4941	25.2602
Kiribati	(Australian $)	2.4805	1.3325	0.8509	1.0488
Korea North	(Won)	4.0560	2.1788	1.3914	1.715
Korea South	(Won)	1468.05	788.638	503.619	620.74
Kuwait	(Kuwaiti Dinar)	0.54060	0.2904	0.1854	0.2285
Laos	(New Kip)	1320.95	709.616	453.156	558.541
Lebanon	(Lebanese £)	3108.80	1670.05	1066.48	1314.5
Lesotho	(Maluti)	5.2265	2.8076	1.7929	2.2099
Liberia	(Liberian $)	1.8615	1	0.6385	0.7871
Libya	(Libyan Dinar)	0.5065	0.272	0.1737	0.2141
Liechtenstein	(Swiss Fr)	2.6350	1.4155	0.9039	1.1141
Luxembourg	(Lux Fr)	60.05	32.2589	20.6003	25.3911
Macao	(Pataca)	14.8705	7.9884	5.1013	6.2877
Madagascar	(MG Fr)	3149.80	1692.08	1080.55	1331.84
Madeira	(Port Escudo)	242.35	130.191	83.1389	102.474
Malawi	(Kwacha)	7.4605	4.0077	2.5593	3.1545
Malaysia	(Ringgit)	4.6795	2.5138	1.6053	1.9786
Maldive Is	(Rufiyaa)	18.4375	9.9046	6.325	7.7959
Mali Rep	(CFA Fr)	490.75	263.631	168.353	207.505
Malta	(Maltese £)	0.5775	0.3102	0.1981	0.2441
Martinique	(Local Fr)	9.8150	5.2726	3.367	4.1501
Mauritania	(Ouguiya)	158.00	84.8777	54.2024	66.8076
Mauritius	(Maur Rupee)	28.9310	15.5417	9.9248	12.2329
Mexico	(Mexican Peso)	5627.90	3023.31	1930.67	2379.66
Miquelon	(Local Fr)	9.8150	5.2726	3.367	4.1501
Monaco	(French Fr)	9.8150	5.2726	3.367	4.1501
Mongolia	(Tugrik)	74.42	39.9785	25.53	31.4672
Montserrat	(E Carr $)	5.0235	2.6986	1.7233	2.1241
Morocco	(Dirham)	15.9410	8.5635	5.4686	6.7403
Mozambique	(Metical)	4521.50	2428.96	1551.11	1911.84
Namibia	(S A Rand)	5.2265	2.8076	1.7929	2.2099
Nauru Is	(Australian $)	2.4805	1.3325	0.8509	1.0488
Nepal	(Nepalese Rupee)	86.7550	46.6048	29.7615	36.6828
Netherlands	(Guilder)	3.2825	1.7633	1.126	1.3879
N'nd Antilles	(A/Guilder)	3.3305	1.7891	1.1425	1.4082
New Zealand	(NZ $)	3.4100	1.8318	1.1698	1.4418
Nicaragua	(Gold Cordoba)	9.3025	4.9973	3.1912	3.9334
Niger Rep	(CFA Fr)	490.75	263.631	168.353	207.505
Nigeria	(Naira)	34.3450	18.45	11.7821	14.5221
Norway	(Nor. Krone)	11.4075	6.1281	3.9133	4.8234
Oman	(Rial Omani)	0.7140	0.3835	0.2449	0.3019

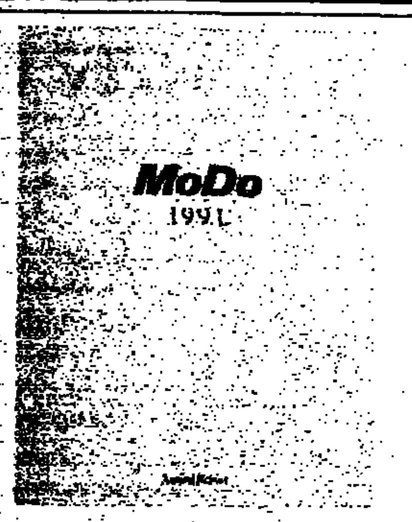
COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak. Rupee)	46.50	24.9798	15.9519	19.6617
Panama	(Balboa)	1.8615	1	0.6385	0.7871
Papua New Guinea	(Kina)	1.7790	0.9556	0.6102	0.7522
Paraguay	(Guarani)	2707.65	1454.55	928.868	1144.88
Peru	(New Sol)	2.18	1.171	0.7478	0.9217
Philippines	(Peso)	43.50	23.3682	14.9228	18.3932
Pitcairn Is	(£ Sterling)	1.00	0.5372	0.343	0.4228
	(NZ $)	3.4100	1.8318	1.1698	1.4418
Poland	(Zloty)	25487.0	13691.6	8743.4	10776.7
Portugal	(Escudo)	242.35	130.191	83.1389	102.474
Puerto Rico	(US $)	1.8615	1	0.6385	0.7871
Qatar	(Riyal)	6.7520	3.6271	2.3162	2.8549
Reunion Is. de la	(F Fr)	9.8150	5.2726	3.367	4.1501
Romania	(Leu)	532.25q	285.925	182.59	225.053
Rwanda	(Fr)	221.25	118.856	75.9005	93.5517
St Christopher	(E Carr $)	5.0235	2.6986	1.7233	2.1241
St Helena	(£)	1.00	0.5372	0.343	0.4228
St Lucia	(E Carr $)	5.0235	2.6986	1.7233	2.1241
St Pierre	(French Fr)	9.8150	5.2726	3.367	4.1501
St Vincent	(E Carr $)	5.0235	2.6986	1.7233	2.1241
San Marino	(Italian Lira)	2203.50	1183.72	755.918	931.712
Sao Tome	(Dobra)	446.50	239.86	153.173	188.795
Saudi Arabia	(Riyal)	6.9565	3.737	2.3864	2.9414
Senegal	(CFA Fr)	490.75	263.631	168.353	207.505
Seychelles	(Rupee)	9.25	4.9691	3.1732	3.9112
Sierra Leone	(Leone)	772.10	414.773	264.871	326.469
Singapore	($)	3.0140	1.6191	1.0339	1.2744
Solomon Is	($)	5.4085	2.9054	1.8554	2.2868
Somali Rep	(Shilling)	4874.50	2618.59	1672.21	2061.1
South Africa	(Rand)	5.2265c	2.8076	1.7929	2.2099
		7.1220g	3.8259	2.4432	3.0114
Spain	(Peseta)	183.40	98.5226	62.9159	77.5475
Spanish Ports in N Africa	(Sp Peseta)	183.40	98.5226	62.9159	77.5475
Sri Lanka	(Rupee)	77.00	41.3644	26.415	32.5581
Sudan Rep	(Dinar)	18.6050	9.9946	6.3825	7.8668
Surinam	(Guilder)	3.3210	1.784	1.1392	1.4042
Swaziland	(Lilangeni)	5.2265	2.8076	1.7929	2.2099
Sweden	(Krona)	10.5325	5.658	3.6132	4.4534
Switzerland	(Fr)	2.6350	1.4156	0.9039	1.1141
Syria	(£)	37.6750	20.239	12.9245	15.9302
Taiwan	($)	45.95	24.6843	15.7632	19.4291
Tanzania	(Shilling)	555.00	298.147	190.395	234.672
Thailand	(Baht)	47.30	25.4096	16.2264	20
Togo Rep	(CFA Fr)	490.75	263.631	168.353	207.505
Tonga Is	(Pa Anga)	2.4805	1.3325	0.8509	1.0488
Trinidad/Tobago	($)	7.9070	4.2476	2.7125	3.3433
Tunisia	(Dinar)	1.6505	0.8866	0.5662	0.6978
Turkey	(Lira)	12988.55	6977.46	4455.76	5491.99
Turks & Caicos	(US $)	1.8615	1	0.6385	0.7871
Tuvalu	(Australian $)	2.4805	1.3325	0.8509	1.0488
Uganda	(New Shilling)	2168.40	1164.87	743.877	916.871
U A E	(Dirham)	6.8125	3.6596	2.337	2.8805
United Kingdom	(£)	1.00	0.5372	0.343	0.4228
United States	(US $)	1.8615	1	0.6385	0.7871
Uruguay	(Peso)	5613.00	3015.31	1925.56	2373.36
Vanuatu	(Vatu)	206.60	110.986	70.8747	87.3572
Vatican	(Lira)	2203.50	1183.72	755.918	931.712
Venezuela	(Bolivar)	123.20	66.1831	42.2641	52.093
Vietnam	(Dong)	20837.60	11194	7148.4	8810.82
Virgin Is-British	(US $)	1.8615	1	0.6385	0.7871
Virgin Is-US	(US $)	1.8615	1	0.6385	0.7871
Western Samoa	(Tala)	4.5115	2.4235	1.5476	1.9076
Yemen (Rep of)	(Rial)	22.3260	11.9935	7.659	9.4401
Yemen (Rep of)	(Dinar)	0.8651	0.4647	0.2967	0.3657
Yugoslavia	(Dinar)	589.10	316.465	202.093	249.091
Zaire Rep	(Zaire)	572857.0(1)	307739	196520	242223
Zambia	(Kwacha)	288.35	154.902	98.9193	121.924
Zimbabwe	($)	9.3860	5.0421	3.2198	3.9687

Special Drawing Rights June 19, 1992 United Kingdom £0.759559 United States $1.41202 Germany D Mark 2.22323 Japan Yen179.185
European Currency Unit Rates June 22, 1992 United Kingdom £0.701879 United States $1.30514 Germany D Mark 2.05169 Japan Yen165.975

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate; (1) Zaire devalued.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday, June 22, 1992

Financial Times Annual Report Service

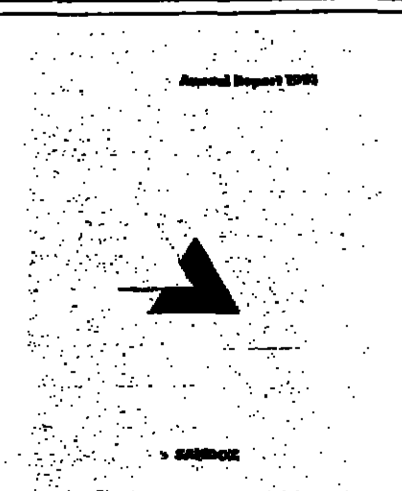
1



MoDo

MoDo is an international forest products company engaged in the production and sale of fine paper, newsprint and magazine paper, paperboard, pulp, timber products, packaging paper, and paper and plastic sacks. The average number of employees in 1991 was 12, 872. Of the Group's total sales of SKr 17,414 million in 1991, 84 per cent went to countries outside Sweden. Some 70 per cent of total sales went to customers in the EC area. Profits after net financial items but before extraordinary items amounted to SKr 221 m, a decrease of 82 per cent on 1990.

2



Sandoz

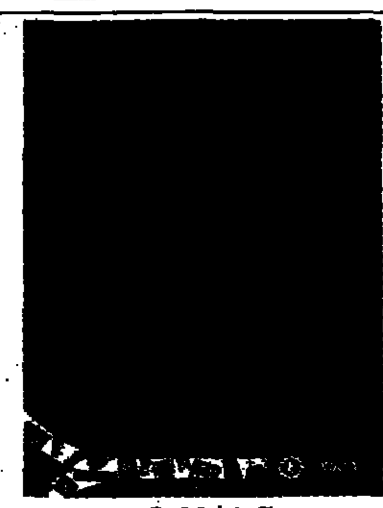
Sandoz is a global company based in Switzerland with nearly three-quarters of its sales in Life Sciences. Its Pharmaceutical Division ranks among the largest pharmaceutical companies in the world, and is a leader in immunology and endocrinology. Consistent investment in R&D has been a key to its outstanding performance. The company also has important worldwide operations in chemicals, agrochemicals, seeds, nutrition, construction chemicals and environmental engineering. Sales in 1991 were Sfr. 13.444 billion (+9%) and net profit Sfr. 1.114 billion (+15%).

3

Southwestern Bell Corporation

Southwestern Bell Corporation is a St. Louis, Mo., based telecommunications company with 1991 net income of $1.2 billion, revenues of $9.3 billion, and EPS of $3.85. SBC provides local telephone service in Texas, Missouri, Oklahoma, Kansas and Arkansas and has one of the fastest-growing cellular operations in the nation. Other businesses include Yellow Pages directories, paging, telephone equipment, international cable TV interest and a partnership in Telmex.

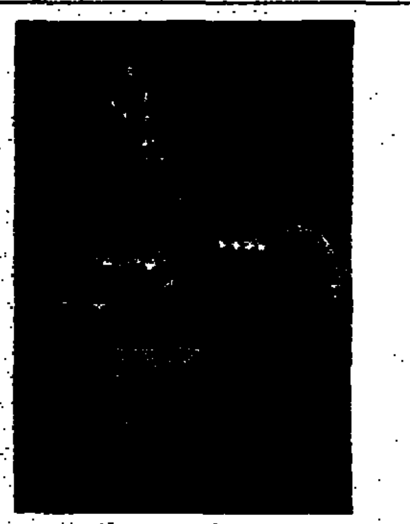
4



Orkla A.S

Orkla, the result of the merger between Nora Industrier and Orkla Borregaard, is one of Norway's largest listed companies. Turnover in 1991 exceeded NOK 16.1 billion, of which 26% were sales outside Norway. Operating profit of NOK 863 million was in line with 1990. Profit before taxes was NOK 601 million. Activities are concentrated around three core areas: Branded goods for the consumer market, Chemical - orientated process industry and Equity investments. Orkla is Norway's largest and Scandinavia's second largest Branded goods company, primarily within food and beverages. The Process industry is strongly internationalised and comprises chemicals and chemicals - orientated wood processing. Orkla is Norway's second largest Equity investor.

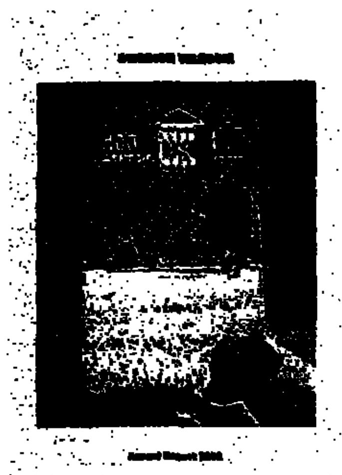
5



British Petroleum Company Plc

The British Petroleum Company p.l.c. is the parent company of one of the world's largest international petroleum and petrochemical groups. Key strengths are in exploration and production, refining and marketing, and in chemicals. BP also has important interests in nutrition. It supports all its businesses with high quality research and technology. About one-third of BP's fixed assets are in the USA. BP shares are quoted on stock exchanges in the UK, the USA, Japan, Canada, Switzerland, France, Germany and the Netherlands.

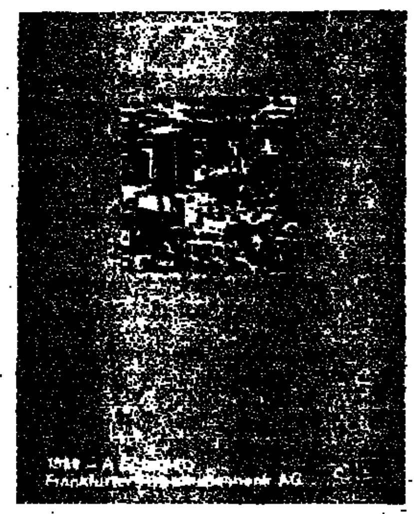
6



Televerket

The Televerket Group offers public and private networks for telephony, data communications and mobile telephones. In 1991, the Televerket Group's revenues totalled USD 5.7 billion, up 10%. Return on total capital was 8%. Televerket invested a total of USD 1.6 billion. Telephone traffic rose 6, 2 %. Network performance was 98, 9%.

7



Frankfurter Hypothekenbank AG

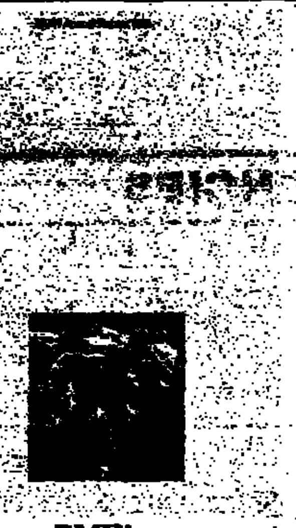
Frankfurter Hypothekenbank, established in 1862, is one of the largest German private mortgage banks and among the most profitable. Its share capital is majority held by Deutsche Bank AG. The bank's activities are restricted by the Mortgage Bank Act to low risk business, i.e. financing real property and granting loans to the public sector. This business is funded by issuing Pfandbriefe, which are known as a top-grade investment. Pfandbriefe of Frankfurter Hypothekenbank have been rated "AAA" by Standard & Poor's.

8

CS Holding

1991 consolidated net profit of CS Holding, the parent of Credit Suisse, CS First Boston, Inc., Leu Holding Ltd., Electrowatt Ltd., Fides Holding, CS Life, increased to Sfr. 980 million, representing a return on equity of 12,4%. In 1991 all Group companies improved their performance substantially based on the Group's leading position in securities underwriting, asset management, mergers and acquisitions, derivative products, securities trading and commercial banking. Approved by Credit Suisse Member of IMRO.

9



BMW

The Driving Force for Refined Technology: BMW, one of the twelve largest industrial corporations in Germany, had a successful 1991. The world marque for dynamic and exclusive cars and motorcycles, BMW has about 5 million vehicles on the road in more than 100 countries. Each year BMW builds more than 500,000 vehicles in its factories in Germany. About 70,000 people research and develop, produce and guarantee BMW quality. At the start of the 1990s, the company resumed production of aircraft engines in a joint venture with Rolls-Royce.

10

PolyGram N.V.

PolyGram N.V. - the global entertainment group - is one of the three largest recorded music producers and publishers worldwide.

In 1991, PolyGram achieved record net sales of U.S. $3.7 billion, income from operations of $430 million and net income of $261 million, and increased its world market share to an estimated 18.5%.

Ticker symbol: PLG.

11

Saab-Scania

Saab-Scania's operations are carried on in the four business areas of Scania Trucks & Buses, Saab Aircraft, Saab-Scania Combitech and Saab-Scania Finance. With its own Board and company management, Saab-Scania forms an independent industrial group within Investor. Saab-Scania has 31,656 employees in Sweden and abroad. Sales in 1991 amounted to SEK 29,299 million and income to SEK 2,811 million. These figures are exclusive of Saab Automobile, which is owned equally by Saab-Scania and General Motors, but is not consolidated in Saab-Scania.

12

Solvay S.A.

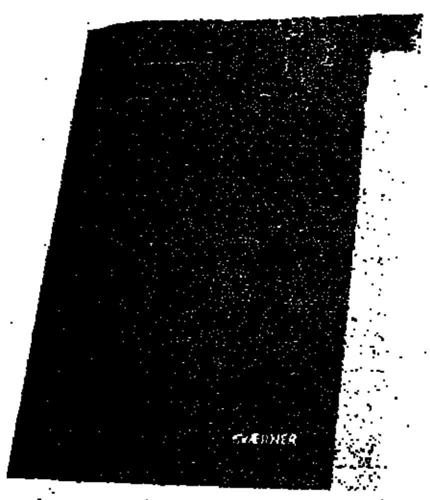
Solvay, a worldwide chemical and pharmaceutical Group with consolidated sales of USD 8 billion in 1991, is motivated by a constant will to seek and bring about progress to all. It operates through 453 establishments in 37 countries and employs about 45,600 persons. Solvay concentrates on five sectors of activities : alkalis, peroxygens, plastics, processing and health.

13

Celsius Industries

1991 was a successful year for Celsius Industries and a benchmark year in the history of the company. A number of events and decisions mark an entry into a new era. The major event of the year was the acquisition of FFV, which involved a sharp increase in Group sales and doubled the number of employees. This expansion has continued with the addition of Bofors (formerly Swedish Ordnance), which became a wholly-owned subsidiary of the Celsius Group in early 1992. With the acquisition of FFV and Bofors, the Celsius Group has become Sweden's largest and leading industrial concern in the defence material sector, with substantial development resources.

14



Kvaerner a.s

Kvaerner is an international group based in Norway.

The group's main business areas are mechanical engineering, offshore installations, consultancy engineering, pulping technology, shipbuilding and shipping. Operating revenue in 1991 totalled NOK 18.604 million. Consolidated pre-tax profit was NOK 1.103 million. Kvaerner has 18.000 employees. Kvaerner is listed on the Oslo Stock Exchange, the London Stock Exchange and the Stockholm Stock Exchange.

15

CSX

CSX Corporation, with assets of $13 billion and 1991 revenue of $8.6 billion, is an international transportation services company with principal businesses in rail freight, ocean container shipping, intermodal carriage, inland barging, trucking, warehousing, distribution, and related services. The company also has interests in real estate and resorts. Headquarters are in Richmond, VA.

16

LKAB

LKAB is one of the world's leading producers of highly upgraded iron ore products. The ore handling chain - mining, processing and transport - has been developed into a high-tech system with high demands on quality and delivery reliability. More than 80 per cent of the production is exported to steel mills in Europe and other parts of the world.

Gross revenues in 1991 amounted to MSEK 3 878 (3 877). Income after financial items was MSEK 543 (608).

The Financial Times Annual Report Service is appearing on 23, 24, 25, 26 June 1992.

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INTERNATIONAL CAPITAL MARKETS

Surge of demand greets Ecu350m offering from EIB

By Tracy Corrigan

THE European Investment Bank's reopening of the fixed-rate Ecu bond market with an Ecu350m offering yesterday captured a surge of demand which took traders by surprise, but is not expected to persist.

INTERNATIONAL BONDS

Apart from a small issue of floating-rate notes, the Ecu bond market has been closed since the Danish referendum rejecting the Maastricht Treaty on June 2 sent Ecu bond prices tumbling.

Although the positive result of last week's Irish referendum restored some confidence in the future of the market, dealers said that buying interest had remained thin. Friday's rally on news of the result was used by many investors as an opportunity to sell bonds which they have been trying to offload.

The reopening is unlikely to be followed by many more deals, as the EIB is unusual in having a natural need for Ecu. The deal will be used to finance a number of Ecu loans due to be disbursed. The bank was pleased to have an opportunity to reopen the market, an official said.

The sell-out of the EIB offering represents something of a special case. A substantial portion of the paper was sold to European central banks, some of which may have been politically motivated to support the Ecu bond market. A large portion of paper was also placed in Italy, where the EIB is exempt from withholding tax for domestic investors.

The deal also met demand from fund managers due to the attractive pricing of the 10-year bonds at a yield spread of about 12 basis points above the comparable French government OAT issue, about six basis points more than the bank had to pay prior to the Danish referendum. At this level, the bonds yield just two basis points less than the theoretical 10-year Ecu bond yield, based on the basket value of the Ecu.

The deal closed at 99.25 bid, above its fixed-reoffer level of 99.17.

● Eurodollar bonds issued by Statni Banka, the central bank of Czechoslovakia, yesterday stabilised at a yield spread of around 350 basis points over US Treasury bonds, writes Simon London.

The $200m deal was launched last October at a spread of 300 basis point over Treasuries and narrowed to 280 basis points earlier this year.

However, the bonds have under-performed since elections strengthened the position of Slovakian nationalists pressing for independence. Nomura International, which lead-managed the issue, yesterday reported "good two-way trading" in the bonds at the new yield spread.

The covenants of the bond make it an event of default if Statni Banka ceases to be the central bank of either the Czech or Slovak republics. In this case, bondholders would be able to put bonds back to the issuer at par.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
YEN						
Mori Seiki Co(a)†	15bn	5.65	101½	1996	1⅝/1.425	Yamaichi Intl.
FRENCH FRANCS						
Compagnie Bancaire(c)	1.5bn	15	100.731	1994	1	Paribas Cap.Mkts.
AUSTRALIAN DOLLARS						
St.Elec.Comm.of Vic.(a)†	100	9.25	101.65	1999	1⅞/1.65	Hambros Bank
ECU's						
EIB(a)†	350	9	99.17	2002	0.325/0.175	Paribas Cap.Mkts.
SWISS FRANCS						
Iwasaki Elec.Co(b)★★‡†	30	(b)	101⅜	1997	-	Dai-Ichi Kangyo Bk

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Coupon payable semi-annually. Coupon pays 6 month Libor plus 35 bp. c) One coupon payable at maturity. Non-callable.

Five NHL bonds marked down over UK property fears

By Simon London

NATIONAL Home Loans (NHL), the UK centralised mortgage lender which completed a debt restructuring package with banks earlier this month, has had five mortgage-backed bond issues downgraded by Moody's Investors Service, the US rating agency.

The move surprised many market participants because there has been no serious deterioration in the condition of the UK housing market this year.

Moody's said that the downgradings reflected both the performance of the mortgage pools underlying the bonds and "structural and legal aspects" of the issues.

The agency was concerned about the impact of re-possessions, especially where re-possessed properties are then re-sold at a loss.

The bonds were issued by special purpose companies and formerly assigned the top triple-A credit rating by Moody's on the basis of subordinated loans provided by NHL itself.

Mr Nigel Terrington, NHL treasurer, said that the legal issues were "technical".

"We are disappointed by these ratings and do not believe the issues highlighted by Moody's are significant," he said.

Standard & Poor's, the other big US rating agency, maintains three of the five bond issues at a higher credit rating than Moody's. It rates mortgage-backed bonds issued by CMS No 3 some four notches higher than Moody's.

"One of the rating agencies has to be wrong," commented one banker yesterday. "There is obviously a fundamental disagreement about the level of credit protection available to bondholders."

Dealers said that the downgradings had little impact on bond prices in the secondary market. NHL has bought back bonds trading below par, balancing the impact of any selling. The five issues amounted to £960m, although only some £600m is still outstanding.

Bankers were yesterday anticipating new issues of mortgage-backed bonds from other lenders. However, Midland Bank, which was expected to make a debut issue of at least £200m, has pulled back from the market.

HKFE plans Hang Seng Index launch

THE Hong Kong Futures Exchange hopes to launch Hang Seng Index options late this year or early in 1993, Reuter reports from Hong Kong.

A decision will be taken in October, according to Mr Gary Knight, the exchange chief executive.

He said a decision on whether to introduce electronic matching and to start new currency and interest rate contracts would follow the options move.

He warned against expecting heavy turnover immediately. "When we launch options we will not see the big volumes on day one," he said.

Mr Knight said options trading would continue for some time under the open outcry system used for existing contracts.

The exchange was studying the possibility of introducing electronic matching, although he stressed that a decision was not imminent.

"The electronic dealing system decision is in process. Our focus is on options right now," he said.

If electronic trading went ahead, new interest and currency products could follow.

French market recovers from swap setback

By Sara Webb in London and Patrick Harverson in New York

THE French government bond market rallied yesterday, recovering some of the losses which were made in the wake of Friday's surprise announcement that the Treasury plans to exchange some of the old illiquid bond issues for its newest stocks.

GOVERNMENT BONDS

The statement from the Finance Ministry on Friday took the French bond market by surprise and led to a fall in prices before the weekend and yesterday morning.

The French Treasury plans to exchange FFr140bn of existing state bond issues for the newer Obligations Assimilables du Tresor (OATs) in order to improve the liquidity and extend the maturity of the government's debt.

With effect from today, the Treasury will offer to exchange 45 old stocks, worth about FFr140bn altogether, for newer issues. The old bonds include stocks issued by Caisse Nationale des Banques, Caisse Nationale de l'Industrie and the Fonds Spécial des Grands Travaux.

"Many of these issues are due to be redeemed in 1994, so the Treasury is trying to smooth the pattern of redemption," said one economist.

Dealers said the market reacted badly to the news initially due to concern that the exchange would mean an increase in supply at the longer end of the market. However, foreign buying helped to lift the market, and the Matif September futures contract settled at 107.22, up two basis points on the day.

■ THE Italian government bond market picked up helped by a stronger lira and hopes that a government may be appointed by the end of the week. Although the market gained nearly half a point at one stage, it later fell back and closed only slightly higher on the day. The Liffe September BTP contract reached a high of 96.34 but settled at 96.17, up from Friday's 95.84 close.

■ UK gilts slipped as worries about funding and the prospects for European economic and monetary union continued to haunt the market.

The cash market ended lower across the range of maturities. The benchmark 11¾ per cent gilt due 2003/07 fell from its opening of 116⅛ to trade at 115$\frac{13}{16}$ by late afternoon, yielding 9.34 per cent, while the 10 per cent gilt due 1994 slipped from 101¾ to 101$\frac{9}{16}$ to yield 9.25 per cent. The gilt futures contract ended the day slightly higher at 97.22, compared with its opening of 97.19, in healthy trading volume.

The release of better-than-expected trade data for May led to a slight bounce in gilt prices in the morning but the effect was short-lived as funding worries continued to dominate the market. Tomorrow the Bank of England will auction £2.75bn of the 9 per cent Treasury stock due 2012, its largest to date.

■ US Treasury prices moved in a tight trading range yesterday as investors held their fire ahead of this week's auctions.

By late afternoon, the benchmark 30-year government bond was down $\frac{1}{16}$ at 101$\frac{23}{32}$, yielding 7.832 per cent, while at the short end of the market the two-year note was unchanged at 100¼, yielding 4.969 per cent. Trading volume was reported to be extremely light.

The lack of new economic statistics denied the market a new direction, and the subdued nature of business was exaggerated by concern among participants about taking large positions before today's $15bn sale of two-year notes and tomorrow's $10.25bn sale of five-year notes.

In the credit markets, the Federal Reserve completed a round of three-day system repurchase agreements aimed at lowering the Fed funds rate, which was trading slightly above its 3¾ per cent target at 3$\frac{11}{16}$ per cent.

■ HOPES of lower interest rates helped to lift the Japanese government debt market yesterday, and bond prices ended slightly firmer or unchanged.

The sharp drop in the Tokyo equity market contributed to speculation that the Bank of Japan would be forced to lower short-term interest rates to help the stock market and boost the economy, dealers said. The Nikkei index closed 598.65 points lower at 15,921.22, its lowest level since 1986.

The rate on three-month certificates of deposit, which has fallen in recent weeks, was quoted at 4.50 to 4.55 per cent yesterday, compared with 4.55 per cent on Friday.

The yield on the benchmark No 129 issue traded in a range of 5.355 to 5.375 per cent, but ended the day unchanged at 5.36 per cent. The September futures contract moved in a range of 102.42 to 102.55, ending the day at 102.50.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	107.8629	-	8.82	8.78	9.18
BELGIUM		9.000	06/01	100.4500	-0.100	8.92	8.94	8.77
CANADA *		8.500	04/02	102.0800	-0.4500	8.19	8.16	8.42
DENMARK		9.000	11/00	99.0500	-	9.15	9.02	8.76
FRANCE	BTAN	8.500	03/97	98.1206	-0.018	8.98	9.02	8.68
	OAT	8.500	11/02	97.9300	+0.300	8.79	8.81	8.46
GERMANY		8.000	01/02	100.0300	-0.090	7.98	7.96	7.91
ITALY		12.000	05/02	95.8400	+0.240	13.15†	13.34	12.54
JAPAN	No 119	4.800	06/99	96.0400	-0.009	5.59	5.73	5.72
	No 129	6.400	03/00	105.7513	+1.429	5.35	5.47	5.47
NETHERLANDS		8.250	02/02	99.5800	-0.090	8.30	8.29	8.28
SPAIN		11.300	01/02	98.8300	+0.230	11.47	11.62	10.85
UK GILTS		10.000	11/96	102-75	-04/32	9.20	9.21	9.11
		9.750	08/02	103-17	-08/32	9.19	9.17	8.95
		9.000	10/08	99-10	-06/32	9.07	9.07	8.78
US TREASURY *		7.500	05/02	101-27	+01/32	7.23	7.27	7.34
		8.000	11/21	101-25	-04/32	7.84	7.85	7.83
ECU (French Govt)		8.500	03/02	96.8900	-0.070	8.98	9.09	8.57

London close *New York close. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Trading in LDC loans regains composure

By Simon London

TRADING in loans to less-developed countries regained some composure yesterday following heavy price falls and hectic dealing activity last week.

The sell-off was sparked by increasing tension surrounding corruption allegations levelled against Brazilian President Collor de Mello. The uncertainty was seen as reducing the chances that Brazil will reach a Brady-style debt restructuring agreement with creditors.

Yesterday, the price of Brazilian benchmark commercial bank debt stabilised at around 34½ per cent of face value, having plunged from around 40 per cent to 30 per cent last week.

Nervousness spread to most areas of the LDC debt market as investors withdrew, although there was no change in the economic fundamentals of most countries.

The slide in the cash market was amplified in the price of warrants on LDC debt recently issued by several investment banks.

For example, warrants issued by Paribas Capital Markets – which offer holders the right to buy Brazilian DFA debt at 40 per cent of face value – were yesterday quoted at 2¾-3¼ per cent of face value, from an issue price of 5.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on June 22

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Prem.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available - previous day's price. † Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	61	18
Other Fixed Interest	3	6	6
Commercial, Industrial	98	530	812
Financial & Property	36	271	488
Oil & Gas	10	28	50
Plantations	0	0	9
Mines	11	53	86
Others	44	41	43
Totals	205	990	1,512

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
230	Nil	30/6	45pm	30pm	EMAP	34pm	-4
43	Nil	7/7	18pm	15pm	♦Essex Furniture 5p	18pm	
75	Nil	21/7	15pm	11½pm	Marshalls	11½pm	
280	Nil	24/6	22½pm	8½pm	♦Proteus Intl	9½pm	-2
15	Nil	22/7	9pm	1¼pm	♦TLS Range	1¼pm	-¼

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. e Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings June 22
- Last Dealings July 3
- Last Declarations Sept. 17
- For settlement Sept. 28

3-month call rate indications are also shown on this page.

Calls in: Ferranti, GRE, M.L Hldgs., Proteus, Ratners and Wilshaw. Puts in: Ratners and Wilshaw. Call & Put: Lucas Warrants.

LIFFE EQUITY OPTIONS

Option		CALLS Jul	Oct	Jan	PUTS Jul	Oct	Jan
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS Aug	Nov	Feb	PUTS Aug	Nov	Feb
Brit Aero (*270)	260	27	35	44	16	24	29
	280	20	26	34	24	38	43
	300	12	20	27	40	49	52

Option		CALLS Aug	Nov	Feb	PUTS Aug	Nov	Feb
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays (*342)	330	15	23	32	1½	13	17
	360	1½	8½	17	21	33	35
	390	1	3½	10	51	59	59
Blue Circle (*211)	194	19	28	32	1½	5	8½
	213	5½	14	20	5½	14	17
	232	1	6½	14	22	25	29
British Gas (*244)	240	6	17	21	1½	6½	14
	260	1	7½	12	17	20	25½
Dixons (*248)	240	9	19	29	2	13	16
	260	2	11	19	14	24	27

Option		CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE INDEX (*2553)

	[illegible]
[illegible]	[illegible]

June 22 Total Contracts 24,840. Calls 13,820 Puts 11,020. FT-SE Index Calls 6,681 Puts 5,331. Euro FT-SE Calls 277 Puts 1,185. Eurotrack 100 Index Calls 0 Puts 0. *Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p								
Allied-Lyons	49	Charter Cons.	37	Ladbroke	18	Sears	6½	■ OILS	
Amstrad	6	Comm Union	34	Legal & Gen	29	SmKl Bchm A	60	Aviva Pet	25
Astec (BSR)	3	Courtaulds	43	Lex Service	22	TI	56	BP	18
BAT Inds	58	Eurotunnel	32	Lloyds Bank	32	TSB	11½	Burmah Castrol	48
BOC	53	FKI	6	Lonhro	12	Tesco	22	Conroy Pet	6½
BTR	35	FNFC	7	Lucas Inds	12½	Thorn EMI	83	Gaelic Res	½
Barclays	29	Forte	19	Marks Spencer	27	T & N	11½	Premier Cons	2¼
Blue Circle	24	GKN	33	Midland Bank	30	Unilever	70	Shell	35
Boots	34	Gen Accident	38	NatWest Bank	26	Vickers	15	Tuskar Res	½
Bowater	60	GEC	17	P & O Dfd	37	Wellcome	75	■ MINES	
Brit Aerospace	26	Glaxo	62	Racal Elect	8½	■ PROPERTY		RTZ	47
British Steel	7	Grand Met	36	RHM	18	Brit Land	18		
BT	25	GRE	13	Rank Org	65	Land Sec.	30		
Cadburys	38	Hanson	18	Ratners	3	MEPC	26		
		ICI	95	Reed Intl	44	Mountleigh	1½		

The information contained in this document is in summary form and has been derived from, and should be read in conjunction with, the full prospectus dated 17th June 1992 (the "Prospectus"). The Prospectus comprises approved listing particulars relating to Kenwood Appliances plc (the "Company") in accordance with the listing rules made under section 142 of the Financial Services Act 1986 and alone contains full details of the history and business of the Company and its subsidiaries. Copies of the Prospectus are available at the addresses listed below. Words and expressions defined in the Prospectus have the same meanings when used in this document, unless the context requires otherwise. The directors of the Company, whose names appear on page 2 of the Prospectus, are satisfied that this document contains a fair summary of the key information set out in the Prospectus. In applying for shares in the Company, you will be treated as applying on the basis of the information in the Prospectus and on the terms and conditions of application set out below. Before deciding to apply for shares, you are advised to read the Prospectus and to consult an independent financial adviser authorised under the Financial Services Act 1986. The London Stock Exchange has authorised the issue of this document under section 154(1)(b) of the Financial Services Act 1986 without approving the contents. Application has been made to the London Stock Exchange for the whole of the ordinary share capital of the Company, issued and now being issued, to be admitted to the Official List.

KENWOOD Appliances plc

(Incorporated and registered in England and Wales under the Companies Act 1985. Registered No. 2390006)

Placing and Public offer by Schroders

of 23,226,386 ordinary shares of 10p each
at 285p per share
payable in full on application
of which 11,613,193 shares are being placed and 11,613,193 shares are being offered to the public

The application lists for the shares which are the subject of the Public offer will open at 10.00 a.m. on 24th June 1992 and may be closed at any time thereafter. The procedure for application and an Application Form in respect of the Public offer are set out below. It is expected that listing will become effective and that dealings in the shares will commence on 1st July 1992.

Upon Admission, the shares which are the subject of the Placing and the Public offer will rank *pari passu* in all respects with the existing issued ordinary shares of Kenwood Appliances plc and will rank in full for all dividends or other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

The shares have not been and will not be registered under the United States Securities Act of 1933 and may not, subject to certain exceptions, be offered or sold within the United States. This document should not be distributed into the US.

Share capital immediately following the Placing and Public offer

Authorised		Issued and fully paid
£20,167,874.30	in ordinary shares of 10p each	£3,668,196.20

Indebtedness

At the close of business on 29th May 1992, the Group had outstanding borrowings or indebtedness in the nature of borrowings of £40.8 million, comprising unsecured loan notes of £1.9 million, obligations under finance leases of £0.1 million, other borrowings or indebtedness in the nature of borrowings of £37.7 million (of which £0.4 million was unsecured) and other contingent liabilities of £1.1 million. At the same date, the Group had cash balances of £0.7 million.

Save as aforesaid, and apart from intra-group liabilities, neither Kenwood Appliances plc nor any of its subsidiaries had at that date any mortgages, charges, loan capital (whether outstanding or created but unissued) or any other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, obligations under finance leases, guarantees or other material contingent liabilities.

Key information

Summary

Kenwood is an internationally-recognised brand name and the Kenwood Group is a leading European manufacturer and supplier of food preparation appliances. The Group markets products with a reputation for quality and durability and is best known for the Kenwood Chef mixer.

Kenwood's strategy in recent years has been to improve and expand its core range of food preparation products and to realise more of the potential of the Kenwood brand name. Key to this has been the introduction of new product ranges and a continuing process of improving existing products. It has also broadened the geographical spread of its operations. Group sales are split approximately one third to each of the UK, Continental Europe and the rest of the World.

In the five years ended 31st March 1992, the Group's sales have risen from £65.2 million to £92.1 million and operating profit has risen from £1.4 million to £9.5 million.

Kenwood's improved capital base following the Offer will enable the Group to finance the development of more new products and to continue to broaden its geographical spread.

Trading record

Set out below is the Group's trading record in respect of its continuing activities for the five years to 31st March 1992, which has been extracted from the historical consolidated profit and loss accounts contained in the Accountants' report in Part 4 of the Prospectus. In particular, your attention is drawn to page 28 of the Prospectus which sets out fully the profit and loss record of the Group for the five years.

	Year ended 31st March				
	1988 £000	1989 £000	1990 £000	1991 £000	1992 £000
Turnover	*65,166*	*62,438*	*66,740*	*76,009*	*92,056*
Operating profit before exceptional items, interest and other payments to Thorn EMI	1,402	4,000	4,229	6,559	9,511

Offer statistics

Offer price per share	285p
Number of shares in issue following the Offer	36,681,962
Market capitalisation at the Offer price	£104.5 million
Percentage of enlarged share capital now being offered	63.3 per cent
Net proceeds of the Offer	£63.5 million
Net proceeds receivable by the Company	£39.5 million
Historical earnings per share for the year ended 31st March 1992	16.4p
Pro forma earnings per share for the year ended 31st March 1992	18.9p
Price-earnings ratio (based on pro forma earnings per share)	15.1 times
Notional net dividend per share in respect of the year ended 31st March 1992	7.5p
Gross dividend yield (based on notional net dividend) at the Offer price	3.5 per cent

Notes:
(1) The bases and methods of calculation of the pro forma earnings per share, price-earnings ratio and gross dividend yield are set out in Financial information in Part 2 of the Prospectus.
(2) National Westminster Bank Plc is purchasing a total of 1,399,218 shares from existing shareholders in order to make those shares available under the ESOP options, details of which are set out in Additional information in section 6(e) of Part 5 of the Prospectus.
(3) The net proceeds receivable by the Company will be used principally to repay £33.4 million of outstanding bank loans.

Terms and conditions of application – Public offer

1. The contracts arising from acceptance of applications will be conditional on the admission of the ordinary share capital of the Company, issued and now being issued, to the Official List of the London Stock Exchange becoming effective by the making of an announcement in accordance with Rule 520 of the Rules thereof by the London Stock Exchange on or before 9th July 1992 and on the Offer Agreement referred to in section 12 of Part 5 of the Prospectus becoming wholly unconditional and not being terminated before such announcement. Cheques or banker's drafts for amounts payable on application may be presented for payment before such conditions are satisfied and the application moneys will be kept in a separate bank account and, if such conditions are not satisfied, will be returned (without interest) by crossed cheque in favour of the applicant(s) through the post at the risk of the applicant(s) to the address of the first-named applicant. It is expected that admission of the ordinary share capital of the Company to the Official List will become effective on 1st July 1992.

2. Subject to these terms and conditions, Schroders reserves the right to reject in whole or in part or to scale down any applications including, in particular, multiple or suspected multiple applications, and to present any cheques or banker's drafts for payment on receipt. The right is reserved to reject any application in respect of which the applicant's cheque or banker's draft has not been cleared by 5.00 p.m. on 29th June 1992. If any application is not accepted, or is accepted for fewer shares than the number applied for, the application moneys, or, as the case may be, the balance of the application moneys, will be returned (without interest) by sending the applicant's cheque or banker's draft or a crossed cheque in favour of the applicant(s) through the post to the address of the first-named applicant at the risk of the person(s) entitled to it. Schroders further reserve the right to treat as valid and binding upon the applicant(s) any application, even if the accompanying Application Form is not completed in all respects in accordance with the instructions or is not accompanied by a power of attorney where necessary.

3. Applications (other than those under the terms of the Employee priority offer referred to in paragraph 5 below) must be made on the accompanying Application Form. By completing and delivering an Application Form you as the applicant(s) (and if you sign the Application Form on behalf of somebody else or a corporation that person or corporation):

(i) offer to purchase the number of shares specified in your Application Form (or such smaller number for which the application is accepted) on the terms and subject to the conditions set out in this form (of which the Procedure for application forms part) and subject to the Prospectus and the memorandum and articles of association of the Company;

(ii) authorise Lloyds Bank Plc to send on behalf of Schroders a letter of acceptance for the number of shares for which your application is accepted and/or a crossed cheque for any moneys returnable, by post (without interest), at the risk of the person(s) entitled to it, to your address (or, in the case of joint applicants, to that of the first-named applicant as set out in your Application Form) and to do all things necessary to procure that your name (together with the name(s) of any other joint applicant(s)) is/are placed on the register of members of the Company in respect of such shares the entitlement to which has not been duly renounced;

(iii) agree that, in consideration of Schroders agreeing that it will not prior to 9th July 1992 sell any of the shares offered to any person other than by means of the procedures referred to in the Prospectus, your application may not be revoked until after 9th July 1992 and that this paragraph shall constitute a collateral contract between you and Schroders which will become binding on despatch by post to or, in the case of applications delivered by hand, receipt by Lloyds Bank Plc, Registrar's Department, Issue Section, P.O. Box 1000, 2nd Floor, Bolsa House, 80 Cheapside, London EC2V 6EE of the Application Form;

(iv) warrant that your remittance will be honoured on first presentation and agree that, if such cheque or banker's draft is not so honoured, you will not be entitled to receive a letter of acceptance in respect of the shares applied for or any rights or distributions in respect of such shares unless and until you make payment in cleared funds for such shares and such payment is accepted by Schroders, which acceptance shall be in its absolute discretion and on the basis that you indemnify both the Company and Schroders against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation and that at any time prior to unconditional acceptance of such late payment Schroders may (without prejudice to other rights) avoid the agreement to sell such shares without liability to you and may sell such shares to some other person;

(v) agree that any letter of acceptance to which you may become entitled and moneys returnable to you may be retained pending clearance of your remittance and such moneys retained will bear no interest;

(vi) agree that in respect of those shares for which your application has been received and is not rejected, allocation of such shares to you shall be constituted, at the election of Schroders, either by notification to the London Stock Exchange of the basis of allocation (in which case allocation shall be on that basis) or by the determination of the number of shares to be allocated pursuant to the arrangements made between Schroders and Lloyds Bank Plc;

(vii) agree that all applications, acceptances of applications and contracts resulting from them under the Offer shall be governed by, and construed in accordance with, English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of Schroders or the Company to bring any action or proceedings in connection with any such applications, acceptances or contracts in any other manner permitted by law or in any court of competent jurisdiction;

(viii) agree, on request by Schroders, to disclose promptly in writing to it any information which it may request in connection with your application;

(ix) if the laws of any place outside the UK are applicable to your application, warrant that you have complied with all such laws and none of the Company, Schroders or any of their respective agents will infringe any laws outside the UK as a result of their acceptance of your application;

(x) warrant that, if you sign an Application Form on behalf of somebody else or a corporation, you have the authority to do so and that such other person or corporation will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application;

(xi) confirm that in making this application neither you nor any person on whose behalf you are applying is relying on any information or representation in relation to the Company or to any other member of the Group other than such as may be contained in the Prospectus and you accordingly agree that no person responsible solely or jointly for that document, or any part of it, shall have any liability for any such information or representation;

(xii) warrant that no other application (not being an application under the terms of the Employee priority offer) is being made by you for your own account or by another on your behalf or for your benefit and with your knowledge for such purpose or, if you are applying as agent or nominee of another, no other application is being made by you (not being an application as aforesaid) as an agent or nominee for that other person and that other person is not, to your knowledge, acting in concert with any person or persons as aforesaid;

(xiii) warrant that you are not a person in the United States as provided in Rule 903 under the US Securities Act of 1933 and are not applying on behalf of, or with a view to re-offer, sale, renunciation, transfer or delivery to, or for the benefit of, any such person;

(xiv) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations concerning the Company and other members of the Group contained therein;

(xv) except to the extent that you delete points (i), (ii) and (iii) set out below Box 7 on the Application Form, warrant that you are not any such person as those referred to. This is for stamp duty purposes; and

(xvi) warrant that you are not, and are not applying on behalf of a person who is, under 18 years of age on the date of your application other than for the benefit of a minor as described in the procedure for application.

4. The basis of allocation in respect of applications made on the accompanying Application Form will be determined by Schroders in its absolute discretion.

5. In accordance with the arrangements described under "Special arrangements for employees in the Public offer" in section 7 of Part 5 of the Prospectus, up to 10 per cent of the ordinary shares which are the subject of the Public offer are reserved in the first instance for applications for the benefit of full and part-time employees of the Group in the UK employed on 16th June 1992, non-executive directors and certain retirees of the Group made pursuant to the Employee priority offer. Such applications must be made on the Pink Application Forms which are being made available to such persons. The persons eligible to apply on Pink Application Forms are specified in section 7 of Part 5 of the Prospectus and in the Pink Application Form. Persons eligible to apply on such forms may also make a single application on the Application Form. Excess applications under the Employee priority offer will be treated as having been made under the Public offer, unless the directors have, in their absolute discretion, after consultation with Schroders, rejected the application.

6. No person receiving a copy of the Prospectus or an Application Form in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such form could lawfully be used without contravention of any registration or other regulatory or legal requirements. It is a condition of any application by any person outside the UK that he has satisfied himself as to full observance of the laws of any relevant territory in connection with the application, including obtaining any requisite governmental or other consents which may be required and compliance with any other requisite formalities, and paying any issue, transfer or other taxes due in any such territory. The Prospectus and the other documents relating to the Offer have not been submitted to the clearance procedures of any European or other authorities other than relevant authorities in the UK.

7. The shares which are being offered have not been, and will not be, registered under the US Securities Act of 1933, and, subject to certain exceptions, shares may not be offered or sold within the United States. The terms and conditions of application incorporate a warranty that the applicant is not in the United States, and is not applying on behalf of, or with a view to re-offer, sale, renunciation, transfer or delivery to, or for the benefit of, any person in the United States. Registration application forms on letters of acceptance will contain a warranty to the same effect by or on behalf of the person(s) in whose name(s) the shares are to be registered. In addition, until 40 days after the date of the Prospectus, an offer or sale of the shares within the United States by any dealer (as defined in the US Securities Act of 1933) (whether or not participating in the offering) may violate the registration requirements of the US Securities Act of 1933.

8. Words and expressions defined in the Prospectus have the same meanings in these terms and conditions, unless the context requires otherwise.

Basis of acceptance and dealing arrangements

Applications must be received by 10.00 a.m. on 24th June 1992, by post or by hand to Lloyds Bank Plc, Registrar's Department, Issue Section, P.O. Box 1000, 2nd Floor, Bolsa House, 80 Cheapside, London EC2V 6EE. The application lists will open at 10.00 a.m. on 24th June 1992 and will close as soon thereafter as Schroders may determine. Acceptance of any application will be effected at the election of Schroders either by notification to the London Stock Exchange of the basis for allocation or by notification of such acceptance to Lloyds Bank Plc, Registrar's Department, Issue Section, PO Box 1000, 2nd Floor, Bolsa House, 80 Cheapside, London EC2V 6EE. The basis on which applications have been accepted will be announced as soon as possible after the application lists close. It is expected that temporary documents of title, in the form of renounceable letters of acceptance, will be posted to successful applicants on 30th June 1992 but will not be negotiable until 1st July 1992. Dealings in the shares are expected to commence on 1st July 1992. Dealing prior to receipt of renounceable letters of acceptance will be at the risk of applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all.

A successful applicant may sell or otherwise dispose of some or all of the shares in respect of which his application has been accepted by execution of the form of renunciation on his letter of acceptance and delivery of the letter of acceptance to the transferee.

Persons who lodge letters of acceptance (duly completed in accordance with the instructions contained in them) for registration under the Offer by 3.00 p.m. on 6th August 1992 will not be required to pay any registration fees (or stamp duty or stamp duty reserve tax ("SDRT")) upon such registration. After this time, shares will be transferred by means of an instrument of transfer which will normally attract a charge to stamp duty. Share certificates will be despatched by first class post on or before 3rd September 1992.

Individual shareholders will also have the right to have shares up to a total value of £3,000 (including any shares purchased under the Employee priority offer) allotted or transferred into PEPs (including the Corporate PEPs) within 42 days after Admission.

Stamp duty and stamp duty reserve tax

The directors have been advised that in relation to the Public offer:

(a) no charge to ad valorem stamp duty will arise on the transfer to applicants of shares represented by renounceable letters of acceptance;

(b) no SDRT will be payable on the registration of shares obtained pursuant to a letter of acceptance (whether or not they have been renounced prior to registration); and

(c) the initial purchaser of rights to shares represented by a letter of acceptance will not be liable to SDRT except where sections 93 or 96 of the Finance Act 1986 apply (broadly these sections apply where the applicant is, or is a nominee for, either a person whose business is, or includes, issuing depositary receipts or a person whose business is, or includes, the provision of clearance services for the purchase or sale of chargeable securities). Any subsequent purchaser of rights to shares represented by a letter of acceptance will be liable to SDRT generally at the rate of 50p per £100 (or part thereof) of the consideration paid.

The above statements are intended as a general guide to the current position. Any person who has applied for shares in the Placing is referred to the placing letter for details of his stamp duty and SDRT position. Any person who is in any doubt as to his position should consult his professional adviser.

Procedure for application — Public offer

The following instructions should be read in conjunction with the Application Form.

1 Insert in Box 1 (in figures) the number of shares for which you are applying. Applications must be for a minimum of 100 shares and in one of the following multiples:

- for more than 100 shares, but not more than 1,000 shares, in a multiple of 100 shares;
- for more than 1,000 shares, but not more than 5,000 shares, in a multiple of 500 shares;
- for more than 5,000 shares, but not more than 10,000 shares, in a multiple of 1,000 shares;
- for more than 10,000 shares, but not more than 50,000 shares, in a multiple of 5,000 shares; and
- for more than 50,000 shares, in a multiple of 10,000 shares.

An Application Form for any other number of shares may be rejected.

2 Insert in Box 2 (in figures) the amount of your payment.
The amount of your cheque or banker's draft should be 285p multiplied by the number of shares inserted in Box 1.

3 Sign and date the Application Form in Box 3.
The Application Form may be signed by someone else on your behalf (and/or on behalf of any joint applicant(s)) if duly authorised by power of attorney to do so, but the power of attorney pursuant to which this is done (or a copy certified by a solicitor) must be enclosed for inspection.

A corporation should sign under the hand of a duly authorised officer whose representative capacity must be stated.

4 Insert your full name and address in BLOCK CAPITALS in Box 4.
Applications may only be made by persons aged over 18. However, a parent, grandparent or guardian of a person under 18 may apply for the benefit of that minor. To apply for the benefit of a minor, you should put your own name in full in Box 4 and complete the minor's details box, within Box 4, with the full names of the minor and the minor's date of birth. You are not thereby precluded from making a single application for your own benefit. See notes 6 and 7 for joint applications.

5 You must pin to the completed Application Form a single cheque or banker's draft for the full amount payable. Your cheque or banker's draft must be payable to "Lloyds Bank Plc A/C Kenwood Appliances plc Offer" for the amount payable on application inserted in Box 2 and should be crossed "Not negotiable".

No receipt will be issued for this payment which must be solely for this application.

Your cheque or banker's draft must be drawn in sterling on an account at a branch (which must be in the UK, the Channel Islands or the Isle of Man) of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be presented for payment through the clearing facilities provided for the members of those Clearing Houses and must bear the appropriate sorting code number in the top right hand corner.

Applications may be accompanied by a cheque or banker's draft drawn by someone other than the applicant(s), but any moneys to be returned will be sent by crossed cheque in favour of the person(s) named in Boxes 4 and 6 (if any).

If you are also applying on the Pink Application Form, you must pin a separate cheque or banker's draft to each completed Application Form.

6 You may apply jointly with up to three other persons.
If you do so, you must then arrange for the Application Form to be completed by or on behalf of each joint applicant (up to a maximum of three other persons, in addition to the first applicant). Their full names and addresses should be put in BLOCK CAPITALS in Box 6. Letters of acceptance in the names of joint applicants will be sent to the applicant named in Box 4.

IMPORTANT: If you make a joint application, you will not be able to transfer the shares into a PEP. If you are interested in transferring your shares into a PEP, you should apply in your name only.

7 Box 7 must be signed by or on behalf of each joint applicant (other than the first applicant who should sign in Box 3 and complete Box 4).

If any individual is signing on behalf of any joint applicant(s), the power(s) of attorney (or a copy (copies) certified by a solicitor) must be enclosed for inspection.

8 If you are unable to warrant in the terms of any of points (i), (ii) or (iii) set out below Box 7, you must delete the relevant warranty and give such further information as is requested. You must send the completed Application Form together with the cheque or banker's draft by post, or deliver it by hand, to Lloyds Bank Plc, Registrar's Department, Issue Section, P.O. Box 1000, 2nd Floor, Bolsa House, 80 Cheapside, London EC2V 6EE so as to be received not later than 10.00 a.m. on 24th June 1992.
If you post your Application Form, you are recommended to use first class post and allow at least two working days for delivery.
Photostat copies of Application Forms will not be accepted. Multiple or suspected multiple applications may be rejected in their entirety.

Availability of documents

Copies of this document, the Prospectus and the Application Form may be obtained for a period of 14 days from 17th June 1992, from:

J. Henry Schroder Wagg & Co. Limited
120 Cheapside
London EC2V 6DS

Rowe & Pitman Ltd.
1 Finsbury Avenue
London EC2M 2PA

Kenwood Appliances plc
New Lane
Havant
Hampshire PO9 2NH

Lloyds Bank Plc
Registrar's Department
2nd Floor
Bolsa House
80 Cheapside
London EC2V 6EE

and from the following branches of Lloyds Bank Plc:

Birmingham
125 Colmore Row
Birmingham B3 3AD

Bristol
55 Corn Street
Bristol BS99 7LE

Edinburgh
113/115 George Street
Edinburgh EH2 4TF

Havant
4 West Street
Havant
Hampshire PO9 1PE

Leeds
6-7 Park Row
Leeds LS1 1NX

Liverpool
India Buildings
Water Street
Liverpool L69 2BT

London
132 Regent Street
London W1A 4BH

Manchester
53 King Street
Manchester M60 2ES

Newcastle Upon Tyne
102 Grey Street
Newcastle Upon Tyne
NE99 1SL

Copies of the Prospectus are also available for collection from the Company Announcements Office, the London Stock Exchange, Capel Court Entrance, Bartholomew Lane, London EC2, for a period of two days from 17th June 1992.

KENWOOD Appliances plc

Public offer Application Form

Before making any application to acquire shares you are recommended to consult an independent financial adviser authorised under the Financial Services Act 1986.
Public offer by Schroders of 11,613,193 ordinary shares of 10p each in Kenwood Appliances plc ("shares") at 285p per share, payable in full on application

1 I/We offer to acquire ______ shares
at the Offer price of 285p per share (or any smaller number of shares for which this application is accepted) payable in full on application on the terms and conditions set out in this Application Form and the Prospectus dated 17th June 1992 and subject to the memorandum and articles of association of Kenwood Appliances plc

2 and I/we attach a cheque or banker's draft for the amount payable to "Lloyds Bank Plc A/C Kenwood Appliances plc Offer" £ ______
(285p multiplied by the number of shares inserted in Box 1).

3 Dated ______ 1992 Signature ______

4 Please use BLOCK CAPITALS
Forename(s) (in full) ______
Mr, Mrs, Ms, Miss or title
Surname ______
Minor's forename(s) (in full) ______
Surname ______ Date of birth ______
Address (in full) ______
______ Postcode ______

5 ☐ Pin here your cheque or banker's draft made payable to "Lloyds Bank Plc A/C Kenwood Appliances plc Offer" and crossed "Not negotiable" for the amount in Box 2

FOR OFFICIAL USE ONLY
1. Form no.
2. Acceptance no.
3. Shares allocated
4. Amount received £
5. Amount payable £
6. Amount returned £
7. Cheque no.
8. Splits registration

Fill in Boxes 6 and 7 only when there is more than one applicant. The first or sole applicant should sign in Box 3 and complete Box 4. Insert in Box 6 *the names and addresses of the second and subsequent applicants, each of whose signature is required in Box 7.*
N.B. If you make a joint application, you will not be able to transfer the shares into a PEP.

6 Please use BLOCK CAPITALS

Forename(s) (in full) ______ Mr, Mrs, Ms, Miss or title Surname ______ *Address (in full)* ______ Postcode ______	Forename(s) (in full) ______ Mr, Mrs, Ms, Miss or title Surname ______ *Address (in full)* ______ Postcode ______	Forename(s) (in full) ______ Mr, Mrs, Ms, Miss or title Surname ______ *Address (in full)* ______ Postcode ______

7

Signature	Signature	Signature

Except to the extent that you delete any of the following, you warrant that:
(i) I/We am/are not applying as, or as (a) nominee(s) or agent(s) for, (a) person(s) who is/are or may be persons mentioned in section 93 or section 96 of the Finance Act 1986 (depositary receipts and clearance services).
(ii) I/We am/are not applying as, or as (a) nominee(s) or agent(s) for, (a) person(s) who is/are (a) market maker(s) in the shares of Kenwood Appliances plc within the meaning of section 81 of the Finance Act 1986. If this warranty is deleted, please state the date on which application for registration as a market maker in respect of the shares was made to the London Stock Exchange.
(iii) I/We am/are not applying for registration as, or as (a) nominee(s) or trustee(s) for, a body of persons established for charitable purposes only. If this warranty is deleted, please state name of charity and registered number (where applicable).

Applications must be received by 10.00 a.m. on 24th June 1992. The completed Application Form together with a cheque or banker's draft for the amount payable should be posted, or delivered by hand, to Lloyds Bank Plc, Registrar's Department, Issue Section, P.O. Box 1000, 2nd Floor, Bolsa House, 80 Cheapside, London EC2V 6EE. Any person signing this Application Form under a power of attorney must enclose the original power of attorney (or a copy certified by a solicitor) for inspection.

Hays in £38m French acquisition

By Richard Gourlay

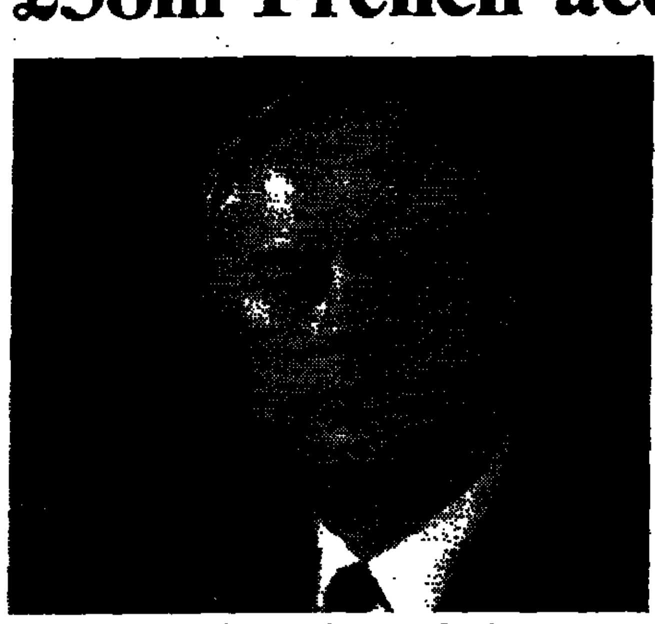
HAYS, the business services group, yesterday announced a long sought move into Europe through the acquisition of a French food and drink distribution company financed by a £34.3m placement of shares.

The company is paying £37.5m for Groupe FRIL, a private distributor of drinks and chilled foods for customers that include Carrefour, Yoplait and Moet Hennessy. Hays could pay an additional £15m over three years, depending on FRIL's profits.

Mr Ronnie Frost, chairman and chief executive, said Hays had been wanting to expand in Europe for 18 months and that the FRIL acquisition would be followed by one in the commercial services area in France or Germany.

After yesterday's placing, the group's balance sheet was in good shape to make further acquisitions without issuing any more new paper.

Gearing had fallen from 30 per cent to 26 per cent on net debt of £38m. "There are a lot of good acquisition targets out there in Europe and England," Mr Frost said. "I am in an acquisitive mood."



Ronnie Frost – another acquisition in the pipeline

He said FRIL would enhance the company's earnings, previously forecast at 12.3p in 1992-93, to about 12.6p. The acquisition would deliver earnings equivalent to 18p for each of the 19m new Hays shares being issued.

FRIL had sales of FF450 (£45m) in the year to September 1991 from its three trading groups – Logistique Barre, Transports Barre and TAC Developpement. It made operating profits of FF48m before interest, tax and start up losses on new contracts.

Hays is buying net assets revalued last September at £7m and is also assuming FF250m of FRIL's debt.

Since Mr Frost brought Hays to the market in 1989, two years after a management buy-out from the Kuwait Investment Office, the company's market capitalisation has almost doubled to £723m. But the company has remained almost totally dependent on the UK economy.

Mr Frost said FRIL provided a platform to widen Hays' geographical spread. "Hays' existing activities in distribution, together with those of FRIL, will be able to offer continental European customers the type of services that they are beginning to demand."

Schroders underwrote and Rowe & Pitman placed the shares yesterday morning at 182p with a range of institutions. Hays share price closed down 3p at 187p.

Mr Frost said there continued to be no evidence of economic recovery in the UK. The personnel division – the third business area which supplies specialised people – remained flat. When the recession came to an end, however, it would recover very quickly and about 70 per cent of its billings would go straight to the bottom line, he said.

Pepe warns of losses and passed dividend

By Roland Rudd

PEPE GROUP, the USM-quoted jeans designer and distributor, will make a small loss after tax for the year to end March because of rationalisation of its international operations.

It will also pass its final dividend for the first time since it came to the market in 1985.

Its shares yesterday fell 30p to close at 42p.

The profits warning comes less than a year after the then chairman Mr Arun Shah said the board was optimistic that performance for the current year would reflect a marked improvement on the previous year.

Mr Shah, who is now deputy chairman, was succeeded as chairman by Mr Silas Chou in March. Mr Chou has decided to bring forward the reorganisation resulting in big exceptional charges.

The group is to concentrate on its brand name, Pepe, instead of spreading its resources on other names such as BSCO, Hardcore and Buffalo.

Pepe is also to change its strategy of trying to increase overall sales in favour of chasing higher margins on less turnover.

There are likely to be substantial extraordinary charges relating to the sale or closure of subsidiaries.

Operating profits, whilst below those achieved in previous years, are likely to be in line with market expectations.

In spite of a slight increase in sales from £81.3m to £82m, pre-tax profits in the six months to September 29 fell by 13 per cent, from £3.57m to £3.09m. The interim dividend was cut from 2.5p to 2p.

Group borrowings for the year have fallen by just over half to £14.5m. The balance sheet was strengthened by a £9.4m convertible preference share issue in July.

Storehouse chief turns his attention on Mothercare

By John Thornhill

MR DAVID DWORKIN, the chief executive designate at Storehouse, is already going through the retailing conglomerate like a dose of salts.

Yesterday, the company announced that Mr Derek Lovelock was resigning as chief executive of Mothercare to be replaced by Ms Ann Iverson, who was appointed last month to the number two slot at the childrenswear chain. Further management changes at Mothercare are expected shortly.

Storehouse also announced that Ms Sheila Forbes's job as group personnel director had been made redundant following a head office reorganisation.

This slimming-down exercise will see the 40-man head office cut by half and symbolically relocated within the BhS building, where Mr Dworkin has ruled the roost for the past three years.

The company stressed that the moves were no reflection on Mothercare's current trading position. Sales increases are said to be running in the "double-digits".

Trevor Humphries

Ann Iverson: moving up to top slot at Mothercare

The changes at Mothercare follow a similar restructuring exercise at Habitat last month which led to the departure of Mr Michael Harvey as chairman and chief executive.

Mr Dworkin has already announced that he wants Mothercare's management team to work more closely with that of BhS to share sourcing expertise and increase buying muscle. The appointment of Ms Iverson looks an ideal means of achieving the goal. She was formerly stores director at BhS and previously worked with Mr Dworkin at Bonwit Teller, the US fashion chain.

Mr Dworkin officially succeeds Mr Michael Julien as chief executive after the company's annual meeting next month.

Allen ends growth record with 39% fall to £3.21m

By Peter Pearse

IN THE year to March 29, Allen, the USM-quoted housebuilder, contractor, plant hirer and property developer based in Wigan, Lancashire, saw the end of its 23-year record of growth.

Pre-tax profits fell 39 per cent to £3.21m (£5.25m) on turnover almost 13 per cent down at £58.9m (£67.5m). Although housebuilding had held up better in the north, Mr Donald Greenhalgh, chairman and managing director, described Allen's performance as "creditable" – indeed, the final dividend is lifted to a proposed 3.35p (3p) for a total of 5p, up from 4.9p.

Forecasts for margins and operating profits on the contracting side had been too pessimistic – the former improved a "comfortable" 4.26 per cent and the latter 2.2 per cent to £1.4m, though turnover declined 18 per cent to £32.9m.

Although bad debt in plant hire was reduced, operating profits fell 55 per cent to £745,000. Beskab hired out more site offices thanks to price reduction.

Housebuilding profits were down 25 per cent at £2m on turnover 4 per cent lower at £15.4m. Servicing the bottom third of the market and building to exchange of contract rather than reservation helped the division, where completions rose by 5 to 271 at an average price of £56,000 (£60,000).

Mr Greenhalgh said the company had "not ducked the question" of provisions on its 3-year landbank, but had concluded none was necessary.

Provisions of some £340,000 were made on the property development side, where profits tumbled 67 per cent on turnover down 15 per cent at £1.6m.

Group earnings fell to 9.69p (15.47p) per share.

Indonesian project helps Philip Harris to £1.76m

By Angus Foster

PHILIP HARRIS, the pharmaceutical and scientific equipment supplier, yesterday reported a sharp increase in profits helped by a turnkey project in Indonesia.

The company also announced it is paying £1.64m for nine retail chemists in Oxfordshire. The move will improve its pharmaceuticals distribution network, but Harris has no plans to become a big retail operator, according to Mr David Newcombe, chief executive.

Pre-tax profits more than doubled from £871,000 to £1.76m in the year to March 31. Turnover increased 17.5 per cent to £79.1m (£67.3m).

The Indonesian contract, for the supply of scientific equipment, added about £6.5m to turnover. The company would not give an indication of the contract's profitability.

Earnings per share increased to 14.58p (10.03p). The company is recommending a final dividend of 4.25p (3.75p) to make a total of 6.25p (5.75p), an increase of 8.7 per cent.

Harris is buying Proctor's pharmacies and HM Brooks, which operate nine pharmacies in and around Oxford. This brings to 15 the number of retail of retail outlets owned by Harris.

Harris is issuing £1.29m of three year, guaranteed loan notes and will pay the balance of £350,000 in cash. Following the purchase, Harris's debt will rise to £4.6m with gearing increasing from 28 per cent to 48 per cent.

David S Smith buy

David S Smith (Holdings) has acquired Bristol-based Coloreed, a specialist packager, from Courtaulds for an undisclosed sum. Coloreed has annual turnover of some £5.6m.

Bonus boost for Boots' chief

By John Thornhill

SIR JAMES Blyth, chief executive of Boots, the retailing and pharmaceutical group, saw his pay increase by two-thirds last year with the benefit of a hefty bonus. He will, however, only receive the full extra payment if the company out-performs its competitors over the next four years.

Sir James's basic pay increased 14 per cent to £385,000 but he received a further £186,000 bonus taking his total pay to £571,000. Sir James's salary in the previous year included a £6,000 bonus.

Boots' other executive directors also received generous bonuses in 1991-92 sharing £900,000 between them compared with £54,000 the year before.

The company's annual report and accounts, released yesterday, revealed details of a complicated long-term bonus scheme for executive directors which came into effect from April 1 1991 with the intention of "locking in" valuable executives. Bonus payments under this scheme depend on the company's dividend and share price performance over the next four years when set against 10 competitors in the retailing and pharmaceutical fields.

Part of the bonus payments last year were taken in the form of provisions anticipating the future performance of the group over the four-year period. Should the company not match these expectations, the directors will not receive their full bonus payments.

The executive directors also benefit from a one-year bonus scheme, based on performance against budget targets. This has now been scaled down to match that operating for all senior managers.

In the year to March 31, Boots' pre-tax profits rose 7 per cent to £374.2m. Earnings per share climbed 9 per cent to 26.4p. Boots' staff received a 9 per cent pay increase last year.

BM withdraws from Thwaites purchase

By Andrew Baxter

NEGOTIATIONS on the possible sale of Thwaites, the site dumper manufacturer, are to continue following the withdrawal yesterday of a proposed purchase by BM Group, the acquisitive construction equipment manufacturer.

BM's decision to pull out followed a referral earlier this month of the proposed bid to the Monopolies and Mergers Commission.

The Department of Trade and Industry had maintained that a takeover raised competition issues in the supply of site dumpers in the UK market, but yesterday BM said any proposed merger would not be against the public interest.

However, it did not wish to "devote the considerable management time or incur the excessive cost in presenting the case to the MMC for such a small potential acquisition."

Consequently, BM has ceased discussions with privately-held Thwaites, which announced in February that it had hired Robert Fleming, the merchant bank, in connection with a possible sale.

It is thought that BM would have had to pay £10m-£12m for Thwaites, which would have brought BM some new products and an efficient factory at Leamington, recently reorganised.

Close observers of the situation say BM's withdrawal was a disappointment but not a big surprise, once the referral was announced. An inquiry would have taken some months, and an eventual defeat for BM would have been embarrassing.

However, there are other "irons in the fire," according to a source close to the discussions. The BM approach was no further advanced than those by other companies, and the lifting of the uncertainty caused by the referral could bring other negotiations to a head.

Thwaites' core site dumper business has been badly hit by the construction industry recession, and depends primarily on the UK market. But its manufacturing facilities make it an attractive acquisition candidate for an Asian equipment producer seeking a European production base – not necessarily for site dumpers.

A purchase by a Korean producer remains a possibility, but is not expected to happen quickly – Asian purchasers are traditionally slow to reach a decision.

Additionally, the worldwide recession in the construction industry is only now beginning to lift, and conditions are hardly ideal for selling equipment manufacturers. Thwaites has stressed from the outset that it will remain independent if acceptable terms cannot be negotiated.

Crown Communications losses deepen

By Angus Foster

CROWN COMMUNICATIONS, the troubled commercial radio group which owns LBC, has announced that losses are continuing to mount and the company is now seeking to eliminate its problem areas.

Crown reported pre-tax losses of £5.58m in the six months to March 31. This compared to losses of £4.68m at the interim stage last time, and losses of £6.79m in the year to last September.

Crown said it is looking for a partner for its stake in RFM, the French radio network. Crown described France as a critical problem. It said RFM's revenue growth had been below expectations and recent audience surveys have shown no improvement.

Crown also admitted publicly yesterday for the first time that a preliminary agreement for the sale of three quarters of its 40 per cent stake in Independent Radio News had not been concluded.

The company added that discussions on IRN's future were continuing. It is believed however that significant commercial radio groups want to pay a fixed fee for a national news service which could be provided by either Crown, Independent Television News or the Press Association.

LBC Radio reduced its operating losses from £1.8m to £300,000, helped by increased advertising revenue. The other main UK subsidiaries, Business Communications and Independent Radio Sales, were also loss-making.

There were exceptional losses of £1.64m (£393,000) on the disposal of unspecified investments and terminated contracts.

Losses per share totalled 8.3p (7.8p) and again no dividend is being paid.

The after-tax loss for the period of £4.88m will wipe out the proceeds of last October's £4.5m rights issue.

DIVIDENDS ANNOUNCED

Allen §	fin	3.35	July 25	3.3	5	4.9
Campbell&Armst'g	fin	1	Sept 1	1	2	2
Fletcher King	fin	0.5	Oct 1	0.5	1	2.3
Hardy Oil & Gas	fin	1	-	-	1	-
Harris (Philip)	fin	4.25	Sept 7	3.75	6.25	5.75
Heavitree Brewry	int	0.6	Aug 3	0.6	-	3.05
Investment Co	fin	1	-	0.775	1.375	1.15
Ivory & Sime	fin	4.5	Sept 2	4.5	5.75†	5.75
Polar §	int	2	Aug 14	2	-	4.5
TGI	fin	1	Aug 28	nil	1	2.2

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

COMPANY NEWS: UK

Developing a new image for its core businesses

Hanson maintains the new key to its success is building up its main companies. Roland Rudd reports

MR DAVID HARRIS, vice president of Cavenham Forest Industries, has survived more changes of ownership than he cares to remember.

During the last seven years the US timber and wood products business has evolved from the Crown Zellerbach Corporation into an independent company owned by Sir James Goldsmith who then swapped it with Hanson for the conglomerate's 49 per cent stake in Newmont Mining.

Mr Harris, based in Portland, Oregon, said trying to extract cash for the previous owners became a trying routine of selling properties and closing manufacturing facilities. "The big difference working for Hanson is that we now look for acquisition opportunities instead of divestiture opportunities."

This new emphasis on building core business seems at odds with Hanson's reputation for squeezing cash out of companies and spending the minimum necessary on developing them.

In the past Hanson has explained the logic of its highly diverse portfolio of businesses in terms of their conformity to a set of characteristics. Its best-known criterion is that the business should have only a limited appetite for capital.

Lord White, chairman of Hanson Industries, the conglomerate's US arm, said Hanson had always been willing to invest in its businesses but "nobody has focused on that side before".

Nevertheless, he accepted that Mr David Clarke, Hanson Industries' chief executive, had articulated the importance of managing core-businesses more clearly than anyone before him.

Cavenham

Looking for acquisitions not sales

Mr Clarke said he would continue to exploit the group's expertise in buying and selling assets. But the key to the group's success, he believes, was to manage businesses better than any other group.

Forget the UK image of Hanson as a takeover glutton, chewing up and spitting out companies, he said. "The bedrock of Hanson is to manage worldwide businesses into a class of their own."

In the US, Hanson has given core-business status to Cavenham, Peabody Coal, Beazer, the aggregates business, Grove Industries, the crane manufacturer, and SCM Chemicals.

Such status is not a carte blanche for spending against all the Hanson traditions of tight financial control. But it does mean that the ground rules are not as simple as they were in the past, when Hanson was best known for buying and selling companies, not organic growth.

Mr Harris of Cavenham said his instructions from the New Jersey head office of Hanson Industries was to grow both organically and by acquisition. "Our requests for capital expenditure have not been turned down."

Grove, too, has been given approval for expansion. Mr John Panettiere, until recently Grove's chairman, had the idea of asking Fried. Krupp, the German steel and engineering group, whether it wanted to sell its loss-making business.

In the end Hanson balked at the £250m price tag, but it came close to making its first substantial continental business.

Mr Panettiere's successor, Mr Bob Stift, is continuing to look for another crane company. With Hanson holding a 53 per cent share of the US market and 70 per cent in the UK, Mr Stift says the quickest way to grow is by acquisition. He has even looked at the possibility of establishing a joint venture with a Japanese company.

Another Hanson core business planning expansion is Peabody Coal. Mr Irl Engelhardt, president of Peabody, says: ""The idea that Hanson is only interested in cash generation is just not true". Annual capital expenditure is expected to rise by 60 per cent this year, which is likely to put it significantly above $100m (£54m).

SCM Chemicals

Switching titanium dioxide technologies

Acquisitions continue apace. Martinka Coal, a subsidiary of Peabody has recently agreed to pay around $165m over 14 years, with an initial $62m payment, to acquire a coal mine and reserves from Southern Ohio Coal. Mr Engelhardt is eyeing mines across the world for further potential acquisition targets.

SCM Chemicals is also making heavy capital expenditures as it switches from to sulphate technology to produce titanium dioxide to the more environmentally acceptable chloride technology.

Since SCM Chemicals was acquired by Hanson in 1986 Mr Don Borst, president of the company, said the conglomerate had made capital expenditure of more than $450m of which 68 per cent of it over the last three years. "Hanson scrutinises our requests for capital investment; but we have never yet had them turned down," he said.

That is because Mr Borst was able to persuade head office that there was an obvious "pay back" over the next several years. When SCM Chemicals starts reporting increased profits the cash will begin to flow back to New Jersey.

"The important thing," said Mr Borst, "is that we received the capital expenditure when we needed it."

A number of consumer and recreational and leisure companies, such as Ertl toys and Tommy Armour golf equipment, are likely to be disposed of by way of flotation. "In some cases we should not be spending time on smaller companies" said Mr Clarke.

The picture in the UK-side of Hanson is less clear to observers. The only obvious stand alone core-business is Imperial Tobacco. The ARC aggregates business and London Brick form another core business under the label of building products.

They are also looking at selling some of the smaller companies worth in total £200m. But that still leaves a large grey area of largish UK businesses, which are not being sold but which are neither core businesses.

Peabody

Capital spending likely to rise by 60%

The market is still unsure whether Hanson Plc is transforming itself from a highly acquisitive conglomerate into a commited builder of core businesses on the lines of Hanson Industries.

Until that problem is resolved the shares are likely to continue to trade at a 20 per cent discount to the average prospective price/earnings ratio in the UK.

Ivory & Sime jumps to £4.55m after restructuring

By John Authers

IVORY & SIME, the Edinburgh-based fund manager, announced a 55 per cent increase in pre-tax profits to £4.55m for the year ended April 30, but opted not to increase dividends. The final was unchanged at 4.5p, making a same again total of 5.75p.

Mr David Newbigging, chairman, said the decision had been made to restore dividend cover to a more prudent level. He added that it was now the directors' intention "to recommend dividend increases in line with any increases in earnings per share".

Earnings jumped from 6.15p to 9p per share, leaving the dividend covered 1.56 times. It said that such fast growth in earnings per share was unlikely to be sustained.

According Mr Allan Munro, managing director, the company's main aim was to restore funds under management, which rose 11 per cent to £2.9bn during the year, following a 16.5 per cent rise in the previous year. These had decreased substantially between 1985 and 1988 – pension funds alone dropped from more than £1bn to around £500m during the period – and confidence was initially damaged when new management was installed in April 1990, after the group's former managing director and four senior fund managers left abruptly.

The company also restructured its marketing department last year to aim its investment trusts more directly at private investors via regular savings schemes and personal equity plans. The company intends continuing with this effort, as well as trying to find new institutional clients.

The figures also take account of Ivory & Sime's purchase of Argosy Asset Management with £420m of funds for £1.75m last April. Administrative expenses were held to £9.94m (£9.88m).

Jardine Matheson in fund management joint venture

By Andrew Jack

MATHESON INVESTMENT Management, part of Jardine Matheson Holdings, and BDO Binder Hamlyn, the accountancy firm, yesterday formed a joint venture to manage £300m of combined investment funds.

Matheson has bought a majority stake – believed to be 80 per cent of the equity – in Binder Hamlyn Investment Management for an undisclosed sum, to create a new company called BDO Matheson Investment Management.

The new venture – one of the first such launched by an accountancy firm – boosts Binder's funds from their current level of £125m, which is mainly derived from large private clients. The existing staff of 13 will be increased to 20, and be based in Matheson's office in London.

Mr Roderick Collins, a director of Matheson and the chairman of the new venture, said the company would offer a range of global equities and fixed income investment.

He said the venture had been driven by a desire from Matheson to expand its portfolio and to generate economies of scale.

Mr Edmund Wood, a partner with Binder Hamlyn who will serve on the new board, said: "We are very excited by the venture. It will grow and strengthen the services to our clients."

He said it would strengthen the reputation of the firm in investment management because, "the approach and ethos of an accountancy firm are not necessarily identical with investment managers. It is a distinct discipline."

He denied that the resignation of Mr Chris Swinson – the national managing partner of Binder Hamlyn who left the company last Thursday after his replacement was appointed - would have any effect on the arrangements.

Mr Wood said Binder Hamlyn Investment Management was established four years ago and became profitable two years ago after achieving a portfolio of £80m.

NEWS DIGEST

Recovery continues at TGI

TGI, the audio equipment manufacturer, followed its return to profits in the first half with a pre-tax profit of £1.03m for the year to March 31, against losses of £820,000. The company said the results were encouraging but inadequate.

All companies traded profitably with Audix improving from last year's significant loss to a modest profit, the directors said, and they are recommending a return to dividends with a final of 1p from earnings per share of 3.4p. The previous year there was an interim dividend of 2.2p when losses per share were 7.8p.

During the period borrowings were cut from £8.5m to £3.2m with gearing falling to 63 per cent at the year-end, against 180 per cent.

Turnover was £35.6m, compared with £44.4m of which £9.7m related to the discontinued factored activities. The pre-tax profit this time included £451,000 from the gain on disposal of properties.

Heavitree Brewery down at £177,000

Heavitree Brewery, the pub operator, turned in a reduced pre-tax profit for the six months ended April 30, down from £290,000 to £177,000 despite turnover ahead at £3.06m against £2.83m last time.

Earnings per share came out at 1.2p (1.1p) and the interim is unchanged at 0.6p.

Cost cutting helps Campbell Armstrong

Aided by a programme of cost-cutting and stronger financial controls Campbell & Armstrong, the Manchester-based shop fitter, achieved a turnround into profits in the second half of the year to end-March.

The company reported a first half pre-tax loss of £349,000 but after achieving a profit of £26,000 in the second half the loss for the year was reduced to £323,000.

That compared with a loss of £344,000 last time, and came from turnover up from £60.4m to £61.3m.

Losses per share came out at 4.1p (1.4p). A same-again final dividend of 1p maintains the total for the year at 2p.

Investment Company assets improve

Net asset value per 25p share of the Investment Company rose from 32.8p to 36.5p over the 12 months ended March 31. At September 30 1991 the figure stood at 36.65p.

Earnings for the year slipped to 2.75p (3.14p). A final dividend of 1p makes a 1.375p (1.15p) total.

Fletcher King dives to £228,000

Profits of Fletcher King, the commercial estate agent and surveyor, fell from £525,000 to £228,000 pre-tax for the year ended April 30. Turnover declined by £1.63m to £5.42m.

During the year costs were cut by 21 per cent and a further cut of 5 per cent is budgeted for in the current year.

Earnings emerged at 1.7p (4p). A final dividend of 0.5p makes a 1p (2.3p) total.

Waterhouse back in the black

Waterhouse Group, the USM-quoted business interiors specialist, returned to the black over the six months ended March 31 following action taken by the enlarged board to reduce costs and improve gross margins.

At the pre-tax level profits of £55,417 compared with previous losses of £107,856. Turnover amounted to £1.17m (£2.07m) and gross profit as a percentage of turnover was 32.3 (24) per cent.

Selling and administration expenses were cut to £320,988 (£575,111) and interest charges to £1,609 (£29,011). Earnings of 2.2p compared with previous losses of 4.3p – the last dividend, an interim of 1.7p, was paid in August 1990.

Mr Alan Redfern, previously managing director of Malbourn, a subsidiary of Hanson, has been appointed chief executive of Waterhouse, which changed its name from the Sandell Group earlier this month.

£8m investment for Senior Engineering

Senior Engineering Group is planning an £8m investment in a new company to make exhaust decouplers for the international automotive industry.

It is projected that the company, which will be called Flexonics Automotive, will generate sales of £10m a year within the next three years. It already has contracts with Ford (Europe) and Volvo of Sweden.

The company has backing from the Welsh Development Agency and will employ up to 260 people on a site in Crumlin, Gwent.

S Wales Electricity moves into gas

South Wales Electricity is entering the gas market via the formation of a new subsidiary, South Wales Energy, which has signed an agreement with the gas marketing arm of Amerada Hess Gas, a large North Sea oil and gas producer.

Mr David Jones, managing director of SWE, said the new company was created to take advantage "of the opportunities which now arise from the progressive opening of the gas market to competition."

Initial marketing and supplies will be focused on commercial and industrial customers in south Wales and the gas will be transported through existing British Gas pipelines.

Polar slips to £451,000

Polar, the USM-quoted marketer and distributor of electronic components, returned profits of £451,000 pre-tax on sales of £8.3m for the six months ended March 31.

The figures compare with £482,000 and £7.7m respectively for the same period a year ago. Earnings worked through at 3.7p (4p) and the interim dividend is a same-again 2p.

The directors anticipate a full-year result similar to 1990-91's £917,000. However, they pointed out that the order book indicated that the next financial year "should show a resumption of growth."

Westport losses down at £925,000

Westport Group, the USM-quoted exhibition, photographic and marketing services company, cut its pre-tax losses from £1.08m to £925,000 for the year ended April 30.

Turnover was £14.2m, down from £18.2m, which included £1.4m from discontinued activities. The pre-tax figure was struck after exceptionals of £123,000 (£998,000) resulting from the reorganisation of its studios.

Extraordinaries of £327,000 (£2.34m) resulted from the closure of an exhibition hire business. There were losses per share of 0.3p (0.7p) after a tax credit of £532,000 (£261,000).

Lower oil prices hit Hardy Oil & Gas

Lower oil prices left post-tax profits at Hardy Oil & Gas 29 per cent down at £7.22m in the year to March 31, against £10.1m.

Turnover improved from £39.3m to £41m, despite low prices and dollar weakness, which resulted in oil sales being lower than expected.

However, the company said that exploration results had been outstanding. There were three oil and gas discoveries on the UK continental shelf, four gas field discoveries in the US and good progress in Canada.

The board is recommending a single final dividend of 1p, the first since its demerger from Trafalgar House three years ago. The move is in line with the company's previous expectations. Earnings per share were 8.3p (16.1p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Airtours, Kleinwort Charter Inv., Shoprite.

Finals- Birkdale, Ferranti, Helma, I & S Optimum Inc. Tst., Wessex Water, Whitecroft.

FUTURE DATES

Interims-	
Berisford	Jul. 1
Chiltern Radio	Jun. 25
Lex Services	Jul. 31
Lonrho	Jun. 30
Low & Bonar	Jul. 14
Partridge Fine Arts	Jul. 2
Rank Org.	Jul. 9
Finals-	
ASDA	Jul. 6
Alba	Jul. 2
Assoc. Energy	Jun. 26
Colefax & Fowler	Jul. 7
Fuller, Smith & Turner	Jul. 3
Howden	Jul. 7
Joseph (Leopold)	Jul. 3
Lowndes Lambert	Jun. 30
Power Corp.	Jul. 16
Reliance Security	Jul. 8
Scantronic	Jun. 25
Southern Water	Jun. 26
Stoddard Sekers	Jun. 25
Wrexham & East Denb Water	Jun. 25
Yorkshire Electricity	Jul. 8

Ban on industrial fishing called for

By David Blackwell

INDUSTRIAL FISHING should be banned in the North Sea, according to Greenpeace, the UK environmental pressure group. A report published today suggests that industrial fishing – which takes fish for uses other than human consumption – is responsible for falling fish stocks. The fish are processed into fish meal and fish oil for such industries as pig and poultry feed, paint, and shoe polish.

Industrial fishing, which takes up to 50 per cent of the North Sea catch, targets small species such as sandeels, which provide food for bigger fish, sea birds and marine mammals. Greenpeace believes the practice is destructive and wasteful, and describes regulation of the European Community fleet as inadequate.

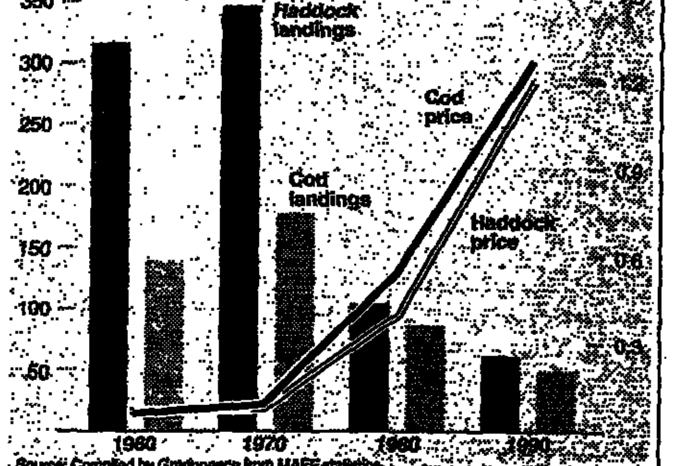
Ms Mary Munson, the organisation's fisheries campaigner, believes the UK presidency of the community will give the UK "a unique opportunity to influence the EC and stop the pillage of our seas". As well as a ban on industrial fishing, Greenpeace is calling for environmental effects to be considered in every EC fisheries decision and for measures to end the catching and discarding of non-target species.

Greenpeace points out that improved technology has increased the efficiency of the total fishing industry. "As fishermen have increased their abilities to catch the few remaining fish, stock after stock of commercial fish has significantly declined."

British landings of cod, for example, have decreased from 380,000 tonnes to 60,000 tonnes since the 1970s.

The report admits that it is unlikely that over-fishing will lead to the extinction of any species as fishermen rarely find it worthwhile to continue when a stock is severely depleted. "However, the loss of such a huge proportion of fish populations is alarming in itself," says the report.

Net Losses, Gross Destruction. European Fisheries in Crisis. Greenpeace UK, Canonbury Villas, Islington, London N1 2PN.



Source: Compiled by Greenpeace from MAFF statistics

Gold market fears further central bank selling

Kenneth Gooding on the main issue worrying delegates to the FT international conference in Montreux

FEARS THAT central banks would sell off their gold reserves with devastating effects on the price dominated the first day of the Financial Times World Gold Conference in Montreux, Switzerland, yesterday. Central banks control about 30,000 tonnes of gold compared with the 1,782 produced by the world's mines last year and questions about their attitudes to these reserves were raised again by the recent sale of 202 tonnes by Belgium.

As Mr Robert Guy, a director of N.M. Rothschild and Sons, told the conference, the central banks are "the most powerful influence at work in the market today". But the banks seemed to have no strategic, long-term thinking about their gold reserves.

He pointed out that the issue was particularly important in Europe where a European central bank, when it was set up, would hold about 40 per cent of all official gold reserves.

"Clearly central bank policy toward gold is a sensitive issue but sensitivity should not be an excuse for continued inaction," said Mr Guy. "Lack of clarification and explanation is only serving to undermine the value of member states' gold reserves."

He added: "Members of the European Community might consider two options. One is to follow the example of the Swiss National Bank and state that they have no intention of selling their gold".

Otherwise, Mr Guy suggested, the central banks should take up an idea put forward by Mr Ricky Hall of the Bank of International Settlements and create their own European Mutual Gold Fund into which they could put a proportion of their own gold reserves.

"In the event that individual members needed additional foreign exchange reserves they could draw down currency up to 75 per cent of their initial gold subscription. In this way the value of gold reserves could be mobilised without depressing the market."

Two of the central bankers present suggested that in desperate times it was useful to hold some gold reserves. Mr James Cross, general manager of the South African Reserve Bank's gold and foreign exchange department, pointed out that gold had proved invaluable when his country faced international economic sanctions. He said his bank followed a "lean-into-the-wind" market strategy, occasionally intervening in the market to buy gold "without presuming to influence longer term price trends".

During 1991 South Africa's gold reserves had increased by 2m troy ounces and buying continued this year. At the end of May it had 6.8m ounces in its reserves. "With South Africa's debt profile improving it is unlikely that significant additional bullion sales will take place and the policy of the bank is to increase its gold holdings still further."

Mr S. Venkitaramanan, governor of the Reserve Bank of India, said his country's deposit of 46 tonnes of gold in London last year as collateral for loans during a short-term liquidity crisis had shocked many of his countrymen but it had brought home to them the extent of the crisis. He described how India was attempting to cut gold smuggling by allowing some official imports. These efforts were already having an impact because in May India's official gold imports shot up to 10 tonnes compared with less than half a tonne a month in previous years.

Eventually, India would allow a free flow of gold imports and exports as part of a policy to liberate its financial markets, but Mr Venkitaramanan would not indicate when this might happen.

Mr Terry Smeeton, chief manager of the Bank of England's foreign exchange division, pointed out that European economic unity is likely, for practical purposes, to reduce the major investment currencies to only three: the dollar, the yen and the European currencies. Against this background the relative attractions for central banks and investment managers of having another string to their bow in the form of a gold portfolio of some type seemed to be much greater. As for the possible behaviour of the European central banks in the run up to monetary union, Mr Smeeton said it was unlikely that any central bank would hand over its gold reserves before the end of the century when the European System of Central Banks came into operation.

"My own view is that this body would be likely to be wary of making any major changes in an area as sensitive as gold and much of it may well remain with national central banks. All that said, as we have seen recently with Belgium, the run-up to monetary union may cause participating central banks to examine their policies towards holding gold much more closely than has been the case in the recent past."

Forward sales of gold and hedging by producers has also been blamed for holding down the gold price in recent years, but Mr Ted Reeve, gold equity analyst at First Boston Canada, said he believed the industry was now past the point where hedging added to the gold supply and could be cited as a negative factor for the price. He gave up to date estimates of gold hedging by North American, South African and Australian producers and said it totalled 1,000 to 1,100 tonnes.

The question of whether cuts in gold production would help the price to recover was raised by two speakers. Mr Stewart Murray, chief executive of Gold Fields Minerals Services, said that Russian gold output was bound to fall again this year, perhaps by 30 per cent, because of the lack of equipment and even roubles to pay the workforce. However, in the long term, the CIS countries might become net importers of gold rather than suppliers.

Mr Mark Keatley, senior investment officer at the International Finance Corporation, an affiliate of the World Bank, said countries in sub-Saharan Africa had the potential to double annual gold output to 165 tonnes, almost the same as Canada's production today.

Match point for Britain's top-seeded strawberries

The Wimbledon Championships provide an ideal showcase for the best of the home-grown crop

FARMER'S VIEWPOINT

By David Richardson

ALL UK strawberry growers are fans of Wimbledon. It is not so much that they fancy themselves as potential Navratilovas or McEnroes, nor that they spend the whole of the last two weeks of June glued to their television screens; they hardly have time for that. But Wimbledon means strawberries and cream. The country's best growers compete for the prestige involved in supplying the championships and the sales of all the rest benefit from the visual promotion on sports programmes of this delicious summer fruit.

This year is turning out to be an especially good one for strawberries. The sunny weather through most of May added sweetness to the growing berries and the rains at the end of the month filled them out. The result is a main UK crop that is not only earlier than usual but is of exceptional quality, as anyone who has sampled it (as I have, several times) can verify.

The introduction a few years ago of a Dutch-bred variety, Elsanta, is also partly responsible for the good fruit. It combines good taste with good appearance and a shelf life that gives the retailer three days to sell in the knowledge that the fruit will still be good to eat at least four days after picking. Needless to say it earns a premium price over other types and has now been widely adopted in the UK as the main dessert variety.

A previous market leader, Cambridge Favourite, has been relegated to parts of the pick-your-own trade, where the enthusiastic but amateur expertise of the pickers may be lower and it is perceived that there is a need for a tougher variety. Cambridge Favourite is still, however, a major variety, with a high proportion of those grown going for processing into jam, yoghurt, confectionery and so on.

But this is just the main crop harvested during mid-summer. As connoisseurs will be aware English strawberries are now available from April until November. And the technology that has been imported from all over the world in order to achieve such a long season in a relatively hostile climate is quite incredible.

It began in Kent a few years ago when members of a marketing co-operative realised that a variety of techniques were being used in other countries to supply the UK out of season. Further investigation persuaded them that these techniques could be modified to fit UK conditions and they have now been perfected and adopted by many growers in this country.

The range of techniques involves some measures to advance the ripening of fruit and some to delay it. Few growers attempt all on the same farm, preferring to fit their production patterns into a co-operatively organised and co-ordinated programme.

In some cases, if they have no glass houses, they erect walk-in plastic tunnels to encourage early strawberries. A secondary method is to cover the plants, from February onwards, with a thin plastic mulch. This warms the land and, along with trickle irrigation, increases growth, bringing the plants to maturity earlier than they would otherwise. It is even possible to influence the time of ripening by using different colours of plastic, which permit different amounts of light and heat to affect plants.

Some growers with a selection of land on which to grow strawberries will choose warm, south-facing slopes, combined perhaps with one of the other methods mentioned for their early crops, and land kept cool by sea for those they wish to market later.

Most sophisticated of all is the system of lifting growing strawberry plants from the land at a crucial stage in their development and putting them into cold storage to be held for a period in a state of suspended animation. They are then brought out as required for the marketing programme and replanted. Eight weeks later they produce a crop.

All these techniques, or variations of them are used in places like Israel, California and Spain, where long hot summers make strawberry plants fruit for months and enable growers to produce enormous yields unheard of in the UK. But because they grow so fast and are required to have an even greater travelling- and shelf-life in order to reach UK shores, the quality of the fruit produced in those countries is almost universally inferior to the British product.

British growers are, in fact, relatively sanguine about such imports of fresh and very expensive strawberries because they begin by Easter before domestic fruit is ready and help to prepare committed consumers for the superior home-grown quality, which follows soon after.

They are less happy about the increasing tonnages of processed strawberries being imported, mainly from eastern European countries. Poland, Hungary and Czechoslovakia, traditional suppliers of such soft fruit to western Europe, are consistently able to undercut UK prices because of the availability of large quantities of cheap seasonal labour for picking.

The European Community has association agreements with these countries allowing them to export certain quantities of fruit to community markets. From June 1 this year this trade has been subject to minimum import prices to stop the suppliers, who are in desperate need of hard currency, from undermining community producers' returns. The minimum prices are nominally set at levels that are no lower than EC production costs.

It is early days, of course, but UK growers fear not only that some of the new minimums are too low but that there is insufficient monitoring of imports. They believe, in fact, that, as has happened in the past, considerable tonnages are being transported to what was East Germany where they mysteriously acquire a new nationality and then move further west to threaten their markets and prices.

They worry particularly because similar things have happened before. Indeed the level of imports of processed strawberries from the east has almost trebled during the past decade and many UK strawberry growers who specialised in supplying the processing market have been driven out of business.

Meanwhile over the same period the fresh market has held relatively firm, helped no doubt by the growers' own ingenuity in extending the season. And this year, as they contemplate near-record main crops and good prices, the growers of fresh strawberries are content.

The dairy industry should be feeling modestly confident, too. Even in an average year sales of fresh cream during the main strawberry eating season rise by 20 per cent. This year with extra and better strawberries around they may sell even more.

Malaysian natural rubber output continues to fall

By Kieran Cooke in Kuala Lumpur

MALAYSIA'S production of natural rubber fell by 1 per cent to 391,278 tonnes in the first quarter of this year, according to the government statistics department. The fall is part of the continuing trend in Malaysian rubber production.

Last year, production fell by 3 per cent to 1.25m tonnes as growers, frustrated by a prolonged period of low prices, switched to more profitable crops such as palm oil. There are also serious labour shortages on many plantations.

Traders say there are now serious doubts that the government-projected production figure for this year of 1.3m tonnes can be met.

In the first quarter of this year, Malaysian rubber exports totalled 351,159 tonnes – an 11 per cent drop on the same period last year.

● Malaysian officials expect cocoa production to fall 20 per cent to a five-year low of 184,000 tonnes this year as a prolonged price slump forces some growers to abandon the crop, reports Reuter from Kuala Lumpur.

WORLD COMMODITIES PRICES

MARKET REPORT

Some stability returned to **ZINC** after last week's sharp price declines on the LME. The cash premium over three-month metal narrowed to $89.50 a tonne. This helped three-month metal to hold above $1,200, although the likelihood of further inventory increases in the short term will keep the market under downward pressure, with $1,180 the objective. **ALUMINIUM** continued to weaken, with fund selling and liquidation pushing prices to a 4½-month low of $1,259 a tonne during the day. Support was seen around the lows, but a rise in IPAI production rates for May and expectations of stock increases will limit the extent of advances, dealers said. **GOLD** eased on the London bullion market. Precious metals remained unaffected by the escalation of violence in South Africa, which has threatened to upset political reform in the world's largest producer of gold and platinum. Dealers believe that gold now looks like trading in a range between $341 and $344. London's robusta **COFFEE** futures closed with small losses on key positions, but the market continued to lack any clear trend while news was awaited from this week's talks on a new pact at the ICO.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$18.65-8.75z	-.225
Brent Blend (dated)	$20.85-1.00	-0.25
Brent Blend (Aug)	$20.85-0.90	-.225
W.T.I (1 pm est)	$22.05-2.10z	-0.25

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$235-237	-2
Gas Oil	$185-187	-2
Heavy Fuel Oil	$85-87	-1
Naphtha	$199-201	

Petroleum Argus Estimates.

Other		+ or -
Gold (per troy oz)♣	$324.60	-0.95
Silver (per troy oz)♣	404.0c	-6.0
Platinum (per troy oz)	$363.8	-1.2
Palladium (per troy oz)	$80.75	
Copper (US Producer)	108.74c	+0.24
Lead (US Producer)	37.0c	
Tin (Kuala Lumpur market)	16.66r	+0.03
Tin (New York)	315.50c	+1.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)	111.75p	+0.65*
Sheep (live weight)†♦	82.62p	-3.81*
Pigs (live weight)†	93.24p	-3.31*
London daily sugar (raw)	$263.0t	-1.5
London daily sugar (white)	$294.5t	-2.5
Tate and Lyle export price	£250.5	-1.0
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£148.0	
Wheat (US Dark Northern)	Unq	
Rubber (Jul)♥	52.00p	
Rubber (Aug)♥	52.00p	
Rubber (KL RSS No 1 Jul)	221.5r	-0.5
Coconut oil (Philippines)§	$555.0w	-17.25
Palm Oil (Malaysian)§	$407.5y	-2.5
Copra (Philippines)§	$380.0y	
Soyabeans (US)	£145.5	
Cotton "A" index	64.45c	-1.0
Wooltops (64s Super)	398p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Jun/Jul y-July w-Jul/Aug z-Aug. . †Meat Commission average fatstock prices. * change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♦Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Aug	242.00	240.80	243.00 240.00
Oct	220.00	223.40	223.00 220.80
Dec	212.00	212.00	209.00 209.00
Mar	212.00		212.00 212.00
Aug	203.00		205.00 205.00
White	**Close**	**Previous**	**High/Low**
Aug	290.00	288.90	289.50 285.50
Oct	272.00	274.50	272.50 267.50

Turnover: Raw 47 (126) lots of 50 tonnes. White 703 (291)
Paris- White (FFr per tonne): Aug 1644.35 Oct 1442.80

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Aug	21.19	21.09	21.25 20.70
Sep	21.08	20.99	21.17 20.64
Oct	21.00	20.90	21.06 20.55
Nov	20.92	20.80	20.92 20.51
Dec	20.86	20.74	20.83 20.45
Jan	20.75	20.66	20.33 20.33
IPE Index	21.06	21.08	21.05 21.05

Turnover 29600 (14251)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Jul	187.00	189.00	188.50 185.75
Aug	188.75	191.00	190.00 187.50
Sep	190.75	193.50	192.50 190.00
Oct	193.50	195.75	195.00 193.00
Nov	195.00	197.25	196.50 194.75
Dec	196.50	198.50	197.25 196.25
Jan	194.50	196.50	195.50 195.50

Turnover 10256 (8634)lots of 100 tonnes

TEA

There was a strong and more widespread demand this week, reports the Tea Brokers' Association. Landed all bright liquoring East African met improved competition at dearer rates. The better medium teas were also well supported and prices were often appreciably higher. Offshore good demand in the cif section with price levels about steady. Fob teas from Mauritius were mostly easier where sold while secondary grades were neglected. The highest price realised this week was 202p for a Kenya pd. Quotations: quality 188p/kg nom good medium 140p medium 108p low medium 80p.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Jul	513	516	519 509
Sep	530	534	536 527
Dec	560	564	563 557
Mar	590	593	596 588
May	609	613	612 607
Jul	627	631	636 626
Sep	646	651	650 645
Dec	673	680	675 674
Mar	701		704

Turnover: 3298 (2207) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 19 689.49 (687.83) 10 day average for Jun 20 674.31 (673.69)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Jul	681	682	682 677
Sep	705	708	715 700
Nov	726	733	738 726
Jan	746	755	754 745
Mar	768	777	776 770
May	790	798	792
Jul	810	818	810

Turnover:3264 (3924) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jun 19: Comp. daily 47.72 (48.82) 15 day average 48.80 (48.94)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	92.2	88.5	92.5 90.0

Turnover 107 (92) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Aug	121.50	125.00	121.50
Oct	125.50		125.50

Turnover 60 (0)lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Jun	1120	1126	1120 1110
Jul	1021	1043	1030 1015
Aug	1036	1057	1035 1026
Oct	1170	1195	1170
Jan	1207	1233	1210 1206
BFI	1144	1152	1144

Turnover 220 (315)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Jun	124.00	123.65	125.00 123.50
Sep	110.80		110.80 110.75
Nov	113.65	113.65	113.65 113.50
Jan	117.10		117.10 117.00
Mar	120.15		120.15 120.00
May	123.15		123.15 123.00
Barley	**Close**	**Previous**	**High/Low**
Nov	111.20	111.15	

Turnover: Wheat 60 (36) , Barley 0 (24).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jun	122.5	121.0	122.0 121.0

Turnover 4 (24) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 36,624 lots	
Cash	1236-7	1250.5-1.5		1238-9		
3 months	1261-1.5	1276-7	1273/1259	1262-2.5	1260-1	157,491 lots
Copper, Grade A (£ per tonne)					Total daily turnover 27,419 lots	
Cash	1234-5	1242-3	1237	1237-7.5		
3 months	1254.5-5	1260-1	1256/1253	1257-7.5	1253-4	108,336 lots
Lead (£ per tonne)					Total daily turnover 5,112 lots	
Cash	288-9	289.5-90.5		289-90		
3 months	300-0.5	301-1.5	301.5/299	301-1.25	298.5-99	17,436 lots
Nickel ($ per tonne)					Total daily turnover 2,826 lots	
Cash	7125-30	7130-40	7105	7105-7		
3 months	7205-8	7210-15	7205/7180	7180-5	7180-5	26,619 lots
Tin ($ per tonne)					Total daily turnover 1,777 lots	
Cash	6770-4	6755-60	6740	6740-50		
3 months	6765-70	6760-5	6770/6700	6720-30	6760-70	9,796 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 20,683 lots	
Cash	1292-4	1300-2	1295/1290	1289-90		
3 months	1203-4	1197-8	1206/1196	1198-99	1200-1	51,762 lots

LME Closing £/$ rate:
SPOT: 1.8815 3 months: 1.8347 6 months: 1.8119 9 months: 1.7911

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	342.40-342.80	
Opening	341.80-342.20	
Morning fix	341.60	183.814
Afternoon fix	342.50	183.952
Day's high	343.00-343.30	
Day's low	341.60-341.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.44	6 months	3.39
2 months	3.41	12 months	3.50
3 months	3.39		

Silver fix	p/troy oz	US cts equiv
Spot	217.50	404.75
3 months	222.75	408.45
6 months	228.05	412.65
12 months	239.05	423.00

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	342.50-343.50	184.00-184.50
Maple leaf	353.00-354.00	189.50-190.00
New Sovereign	83.00-84.00	44.50-45.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jul	Sep	Jul	Sep
1200	42	65	3	7
1300	3	12	56	53
1400	3	3	156	141
Copper (Grade A)	**Calls**		**Puts**	
2150	158	157	3	3
2250	58	72	3	14
2350	3	20	43	61
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
650	64	68	8	12
700	32	54	27	28
750	14	30	59	54
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
500	38	70	8	10
525	23	53	18	18
550	13	38	33	23
Brent Crude	**Aug**	**Sep**	**Aug**	**Sep**
2100	37	46	57	66
2150	18	27	[illegible]	[illegible]
2200	8	17	135	[illegible]

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jun	343.7	340.8	0	0
Jul	344.1	341.3	0	0
Aug	345.2	342.4	345.5	343.7
Oct	347.0	344.2	346.7	345.7
Dec	349.0	346.2	349.2	347.5
Feb	351.2	348.4	0	0
Apr	353.4	350.6	352.5	352.5
Jun	355.8	353.0	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jun	368.4	368.4	0	0
Jul	360.7	357.6	360.9	357.0
Oct	368.6	365.4	368.5	364.6
Jan	367.3	364.1	0	0
Apr	367.3	364.1	365.0	365.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jun	403.5	402.0	0	0
Jul	403.8	402.5	405.0	402.0
Aug	405.6	404.1	0	0
Sep	406.9	405.4	407.5	405.5
Dec	411.5	410.0	412.5	410.5
Jan	413.2	411.7	0	0
Mar	416.5	415.0	416.5	416.5
May	420.0	418.5	0	0
Jul	423.5	422.0	424.5	423.5
Sep	427.6	426.1	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	104.30	104.70	104.40	104.20
Jul	104.40	104.75	104.70	104.15
Aug	104.60	104.75	104.50	104.45
Sep	104.95	104.95	105.10	104.65
Oct	104.85	104.75	0	0
Nov	104.75	104.70	104.60	104.60
Dec	104.65	104.60	104.80	104.30
Jan	104.30	104.30	104.10	104.10
Feb	103.95	103.95	0	0
Mar	103.65	103.65	103.60	103.45

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Jul	22.48	22.28	22.54	21.82
Aug	22.48	22.35	22.53	21.91
Sep	22.41	22.33	22.50	21.92
Oct	22.32	22.26	22.39	21.89
Nov	22.23	22.18	22.30	21.83
Dec	22.14	22.09	22.25	21.79
Jan	22.01	21.96	22.10	21.68
Feb	21.90	21.85	21.96	21.56
Mar	21.73	21.66	21.74	21.45
Apr	21.59	21.54	21.55	21.50

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Jul	6184	6146	6210	6040
Aug	6235	6196	6260	6080
Sep	6340	6298	6370	6180
Oct	6425	6383	6430	6280
Nov	6510	6468	6520	6380
Dec	6581	6547	6620	6450
Jan	6591	6557	6610	6475
Feb	6461	6427	6490	6380
Mar	6216	6182	6175	6160
Apr	5991	5957	5950	5960

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	823	837	828	811
Sep	866	883	873	860
Dec	918	933	924	914
Mar	964	982	970	961
May	992	1009	993	990
Jul	1020	1037	0	0
Sep	1050	1068	0	0
Dec	1091	1108	1090	1088
Mar	1123	0	70	70
May	1170	0	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Jul	56.95	57.50	59.05	56.80
Sep	59.80	60.80	61.50	59.60
Dec	62.60	63.80	64.40	62.55
Mar	65.50	66.60	67.05	65.50
May	69.55	70.70	71.00	69.80
Jul	71.80	72.75	73.00	71.80
Sep	73.25	74.10	74.75	74.75

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	10.94	10.78	10.96	10.61
Oct	9.88	9.91	9.97	9.67
Mar	9.69	9.76	9.80	9.55
May	9.62	9.70	9.70	9.48
Jul	9.53	9.63	9.64	9.45
Oct	9.45	9.52	9.52	9.50

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	62.76	62.20	62.90	62.02
Oct	63.98	64.22	64.60	63.60
Dec	63.92	64.15	64.40	63.35
Mar	64.90	65.20	65.30	64.46
May	65.45	65.32	65.45	64.80
Jul	65.68	65.42	65.60	65.01
Oct	63.83	63.67	0	0
Dec	64.10	64.05	64.00	64.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	127.40	127.35	127.40	125.60
Sep	119.85	119.80	119.90	118.75
Nov	115.60	115.55	115.65	115.00
Jan	114.20	114.50	114.20	113.25
Mar	114.15	114.35	114.75	113.60
May	113.65	113.95	0	0
Jul	113.65	113.95	114.00	114.00
Sep	113.65	113.95	0	0
Nov	113.65	113.95	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jun.22	Jun.19	mnth ago	yr ago
1576.6	1586.0	-	1772.0

DOW JONES (Base: Dec. 31 1974 = 100)

	Jun.19	Jun.18	mnth ago	yr ago
Spot	118.45	118.67	117.00	130.72
Futures	120.24	120.23	117.72	125.02

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	595/4	603/2	603/2	595/0
Aug	598/2	606/6	606/6	598/4
Sep	602/4	611/2	611/4	602/0
Nov	609/4	618/2	618/4	609/0
Jan	618/0	625/6	625/4	618/4
Mar	625/2	634/0	634/0	625/0
May	629/4	638/0	637/0	629/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	20.61	20.84	20.86	20.46
Aug	20.77	21.01	21.02	20.64
Sep	20.99	21.22	21.22	20.87
Oct	21.14	21.36	21.36	21.03
Dec	21.43	21.66	21.65	21.30
Jan	21.55	21.75	0	0
Mar	21.75	21.97	21.90	21.72
May	22.00	22.15	22.10	22.00

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	179.9	180.8	181.3	179.7
Aug	180.8	181.6	182.2	180.5
Sep	181.6	182.5	183.0	181.6
Oct	197.2	199.5	199.2	196.7
Dec	197.4	198.5	199.8	197.2
Jan	197.5	200.3	200.0	197.5
Mar	198.6	200.6	201.0	198.6
May	200.0	201.0	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	248/0	251/2	251/0	247/6
Sep	252/2	256/2	254/6	252/0
Dec	256/2	259/4	258/6	256/0
Mar	263/4	266/6	265/6	263/4
May	267/6	271/2	270/4	267/4
Jul	270/6	274/0	272/4	270/2
Sep	260/2	261/4	261/0	260/0
Dec	258/2	259/2	258/4	257/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	354/2	357/2	359/0	354/0
Sep	358/0	360/0	362/0	357/4
Dec	366/2	367/4	369/4	366/4
Mar	366/0	367/0	369/2	366/0
May	353/0	353/0	0	0
Jul	333/0	336/2	336/0	333/0
Sep	340/0	345/2	0	0
Dec	350/0	353/2	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	73.150	73.300	73.300	73.025
Aug	71.100	71.450	71.500	70.950
Oct	71.325	71.600	71.725	71.175
Dec	70.200	70.775	70.600	70.100
Feb	69.550	70.075	69.950	69.500
Apr	70.575	71.275	71.100	70.575
Jun	68.000	68.300	68.350	68.000

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	51.050	50.300	51.100	50.300
Jul	46.700	46.575	46.900	46.475
Aug	44.075	44.100	44.400	43.850
Oct	40.225	40.150	40.350	40.050
Dec	42.250	42.400	42.575	42.200
Feb	43.300	43.350	43.500	43.250
Apr	42.300	42.300	42.400	42.200
Jun	47.500	47.500	47.600	47.500

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	33.050	33.225	33.400	32.600
Aug	30.600	30.500	31.000	30.275
Feb	41.600	42.550	[illegible]	[illegible]
Mar	41.600	42.300	[illegible]	[illegible]
May	43.000	43.350	[illegible]	[illegible]
Jul	42.500	42.850	[illegible]	42.000

Tokyo sets the pace for further losses

By Terry Byland,
UK Stock Market Editor

ATTEMPTS in the UK stock market to find a stable footing after last week's setback were undermined overnight by the plunge in the Nikkei average, and yesterday brought further losses across the range of UK equities. There was no great weight of selling but London's weakness deepened after Wall Street opened the new session in poor form.

Worries over the Japanese stock market, where some UK analysts fear that the Nikkei could face a further setback, and also over the outlook for Wall Street, strengthened London's fears over the sluggishness in world economies.

UK investors continued to back away from cyclical stocks and increased holdings of defensive sectors only very sparingly. Once again, economic factors were largely ignored, a narrowing of the UK trade deficit in May having no effect in the stock market.

It was an entirely negative session. The FT-SE Index opened nearly twelve points off at what proved to be the day's high, and closed almost 35 down at the session's low. The final reading of 2,550.3 showed a fall of 34.5.

Some lines of stock in leading companies came on offer but trading volume across the market was not on any great scale. Seaq-reported business totalled 371.8m shares, against Friday's 440.8m. The total was swollen at the close when a fairly large programme, mostly on the sell side, was printed; the trades taking place earlier in the session.

Account Dealing Dates		
*First Dealings:		
Jun 15	Jun 29	Jul 13
Option Declarations:		
June 25	Jul 9	Jul 23
Last Dealings:		
Jun 26	Jul 10	Jul 24
Account Day:		
Jul 6	Jul 20	Aug 3

*New-time dealings may take place from 8.30 am two business days earlier.

Traders believed that many fund managers were content to stay out of a market now looking thoroughly nervous. Some managers were creaming the last of their profits on shares bought just before the general election at the beginning of April, when the Footsie stood more than 100 points lower than last night's close.

The shadow of GPA's pulled share issue continued to hang over the stock market. They were concentrated on plans for the international offer of stock in Wellcome, the UK drugs group. However, there was a ready response for a £34m share placing by Hay's, the business services group, to purchase a French food distributor. Good preliminary interest was also reported for the planned flotation of the Daily Telegraph, ahead of the prospectus expected today.

The overall picture was of a market still overshadowed by the Maastricht debate, despite the "yes" vote in the Irish Republic, and the prolonged agony imposed by the domestic recession. The new, and potentially disturbing, factor is the downturn in the Nikkei Average which some UK analysts see falling to between 12,000 and 13,000 and putting pressure on the US market.

Against this is a belief, expressed this weekend by S.G. Warburg Securities, that the UK market represents good value and is in danger of "overshooting on the bear tack." The strategy team at Kleinwort Benson predicts a mild downward drift this week but warns that if the Dow Average breaks downwards then the UK is likely to follow. Mr Peter Thorne, at Nikko, expects the market to stay around Footsie 2,550-2,600 for the present, with volume remaining at its current low levels.

Broker sector upset

SUGGESTIONS that Lloyd's brokers and underwriting agencies may be asked to contribute to Lloyd's Central Fund upset shares in the insurance broking sector.

Lloyd's Central Fund was established to pay for claims in the event of underwriting syndicates being unable to meet their commitments.

There were also hints that directors of some of the broking firms may have been selling blocks of shares in the sector. The rumours coincided with an announcement yesterday that Mr J.P. Marland, a director of Lloyd Thompson, the wholesale insurance and reinsurance broker, recently sold a block of 200,000 shares in Lloyd Thompson, reducing his stake to 3.63 per cent.

Insurance broking analysts were sceptical of stories that the broking and underwriting firms may have to put up as much as £200m, with a figure of nearer £50m, split equally between the two groups, said to be more likely. "It would mean that the big insurance brokers, such as Sedgwick and Willis Corroon, would need to put up between £1m to £5m, spread over three years, not really a major hit," said one broking specialist.

The sector was additionally unsettled by the recent weakness of the dollar. Lowndes Lambert, scheduled to report preliminary figures on June 30, was given a severe mauling, albeit in thin trading, and closed 19 lower at 263p, while Sedgwick dipped 7 to 198p and Willis lost 8 to 224p. Lloyd Thompson eased 5 to 210p, and Sturge, the underwriting agent, declined 4 to 91p.

Glaxo tumbles

Indications of increased competition for one of its prominent products from a rival drug already marketed for the past 50 years left Glaxo down 22 at 689p, its lowest level since last October.

The pharmaceuticals arm of Sandoz said a study had concluded that an injection of its DHE-45 relieved headache pain in nearly half of migraine patients within 30 minutes, and in most patients within an hour. The drug has always been used in Europe but not in the US. However, the recent study, which will be released next week, involved 38 US clinics. The study is believed to show that the Sandoz drug has many similarities with Glaxo's potentially massive earner, Imigran, and because it is off patent it would be significantly cheaper.

Carlton flourish

Media group Carlton Communications entered the FT-SE Index of the 100 most highly valued companies with a flourish yesterday. It closed 5 up at 632p on above-average turnover of 3.7m.

The shares reached the 650p level after the general election and have since held up well against a sliding market. Yesterday's closing price translates into a shareholder valuation for the company of £1.248bn, whereas £1bn tends to be the minimum capitalisation for Footsie qualification.

Lasmo weakens

Oil group Lasmo suffered from a bearish note by Strauss Turnbull. The stock was also undermined by stories circulating in the market that the proposed international public offer of shares in the US downstream interests it acquired with its takeover of Ultramar would be priced much lower than had been expected, in light of the failed GPA flotation. Lasmo lost 6½ to 187p.

Business - services group Hays held up relatively well against the market after the company carried out a successful placing. The stock shed a modest 3 to 187p after Hays placed around 19m shares at 182p, through Schroder, and S.G. Warburg-owned broker Rowe and Pitman, with 50 institutions to raise £34.3m. The company is to use the funds to buy Groupe FRIL, a French specialist distribution business.

Reuters Holdings failed to hold up in spite of news that it is this week extending its foreign exchange trade matching system, Dealing 2000-2, to banks in Germany and Switzerland. The shares were up 8 against the market on small turnover but crumbled in late trading to close 4 off on balance at 1105p.

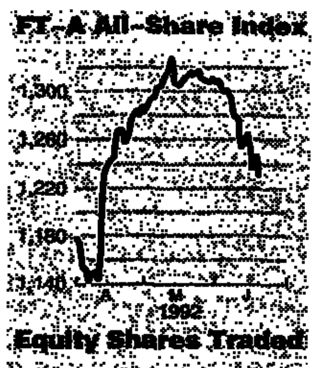
Dealers reacted to a press report on Wellcome, which said that the size of its imminent share flotation would be at the lower end of expectations. The stock fell 12 to 913p.

Hints that the remnants of a large line of stock placed in the market last week was still overhanging trading kept British Gas under pressure and the shares closed 5¼ off at 243½p.

BP dipped 6 to 245p ahead of expected news of substantial job cuts at its US operations. The proposed sale by Shell Oil of its coal assets, valued at around $1bn, failed to sustain Shell Transport shares, which closed 9 down at 495p.

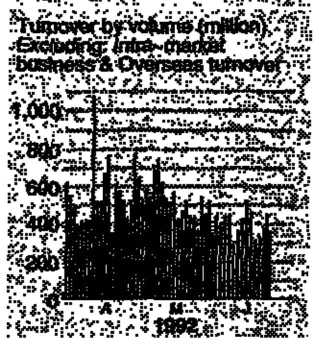
Splitting of the Electricity Package and reinvestment into some of the individual electricity stocks left the Package down 35 at £3100.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business & Overseas turnover



Troubled jewellery chain Ratners remained active, on turnover of 3.1m, as the share price lost another penny to 9p.

Storehouse and Sears were the subject of board changes, with the former easing 2 to 145p and Sears losing 3 to 88p.

The recent departure of its finance director and last week's profits warning continued to pose problems for Amber Day, the shares dropping 8 to 48p.

Switching between the big supermarket chains benefited Tesco, up a penny at 283p in an active market of 3.1m shares, as J. Sainsbury lost 6 to 462p on turnover of 2.4m.

The brewing and drinks sector was depressed by fears that economic recovery had been put off again after some ambiguous UK trade figures. Bass slipped 11 to 602p, Whitbread "A" 12 to 422p and Guinness 13 to 567p. A bright exception was Mansfield Brewery, up 15 at 710p, but traders pointed out that demand from one institution was tending to move an illiquid stock.

Last week's institutional visit to Vosper Thornycroft continued to benefit the shares, which added 3 at 348p.

"A dead cat bounce" is how one market watcher described a rise in British Aerospace. The shares firmed 3 to 270p in light trade of 1.8m.

Glynwed International fell 9 to 229p after a leading agency broker advised caution on the stock due to the continued recession. British Steel shed a penny to 70p as Smith New Court reiterated its sell recommendation.

Trafalgar House weakened 7 to 107p after US investment house Lehman Brothers weighed in with a profits downgrading.

MARKET REPORTERS:
Steve Thompson,
Peter John, Joel Kibazo,
Colin Millham.

■ Other market statistics, Page 24

FINANCIAL TIMES STOCK INDICES

	June 22	June 19	June 18	June 17	June 16	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	88.67	88.73	88.75	88.78	88.74	83.79	89.62 (29/5)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	104.33	104.36	104.35	104.36	104.37	92.86	105.92 (2/6)	97.15 (2/1)	105.92 (2/6/92)	50.53 (3/1/75)
Ordinary Share●	1986.4	2006.6	1988.4	2022.1	2037.0	1947.3	2149.7 (22/5)	1851.4 (3/4)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	98.7	103.4	103.2	105.1	105.3	203.9	160.6 (10/1)	98.7 (22/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2550.3	2584.8	2582.7	2598.4	2616.3	2487.5	2737.8 (11/5)	2382.7 (3/4)	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1186.61	1195.73	1186.54‡	1202.27	1207.68	1169.66	1248.79 (11/5)	1120.52 (8/1)	1248.79 (11/5/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.65	4.61	4.65	4.58	4.54	4.88				
●Earning Yld %(full)	6.83	6.77	6.82	6.72	6.65	8.59				
●P/E Ratio(Net)(☆)	18.34	18.50	18.36	18.65	18.83	14.32				
SEAQ Bargns 5.00pm	21,824	22,417	22,049	22,012	21,353	23,004				
Equity Turnover(£m)†	-	864.7	1030.7	868.8	809.1	726.48				
Equity Bargains†	-	24,194	26,079	24,094	24,465	22,941				
Shares Traded (ml)†	-	365.6	453.8	389.6	349.6	340.5				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 17.01 ‡ Partial.

Ordinary Share Index, Hourly changes — Day's High 1997.4 — Day's Low 1986.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1996.3	1991.5	1995.3	1994.9	1996.8	1995.8	1994.4	1992.8	1987.9

FT-SE 100, Hourly changes — Day's High 2573.0 — Day's Low 2550.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2573.0	2564.0	2567.3	2567.2	2566.1	2567.8	2563.5	2560.1	2551.7

FT-SE Eurotrack 200, Hourly changes — Day's High 1191.37 — Day's Low 1186.22

Open	10.30 am	11 am	12 pm	1 pm	2 pm	3 pm
1190.00	1191.00	1190.42	1189.37	1189.74	1188.95	1188.16

GILT EDGED ACTIVITY

Indices*	June 19	June 18
Gilt Edged Bargains	84.0	80.5
5—Day average	88.5	94.7

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE overnight fall in Tokyo, together with reports pointing to a gloomy outlook for the UK economy, produced a dull day's trading in the derivatives market, writes Joel Kibazo.

In stock index futures, the September contract on the FT-SE opened at 2,608 which proved to be the day's high point, for September went into retreat thereafter, sending the underlying cash market lower.

With dealers remaining on the sidelines, September continued to decline in the morning on very light volume, and figures showing a narrowing of the UK's trade gap for May, had no impact on trading.

While the early afternoon saw September continue to drift lower, the poor opening on Wall Street caused further falls in the contract and by 3.30 September had fallen to 2,580.

September closed at 2,578, down 49 on the previous session and below its estimated fair value premium to cash of about 35. Turnover at the official close was a very poor 5,580 lots.

In traded options volume was also dull, reaching only 24,842 contracts. The FT-SE option traded 12,014 contracts. Midland led the league table of the day's best performing stock options. It traded a total of 1,785 contracts, with the June 420 calls particularly busy.

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS — Monday June 22 1992

FIXED INTEREST

NEW HIGHS AND LOWS FOR 1992

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS - Cont.

OTHER FIXED INTEREST

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's
Abbott Labs	h	14⅞xc	+⅛	19⅛	14⅝	12,873	2.3
♥Allegheny & W		289p	-13	338p	226p	158.2	5.8
Amdahl		820p	-8	1159p	806p	915.9	0.7
Amer Cyanamid		29	+⅛	37	28⅝	2,806	3.2
Amer Express		12½xd	—	13⅞	10⅞	5,902	4.6
Amer T & T		22¾xd	+⅛	24⅞	20⅞	30,969	3.3
Ameritech		34½	+⅛	36⅞	32½	18,165	5.7
BankAmerica		23⅝xd	+½	27⅛	19⅞	8,108	3.1
Bankers NY		30⅛xd	+¼	37¼	28⅞	2,482	5.2
Bell Atlantic		24⅛	+¼	28¼	23⅛	10,385	6.1
BellSouth		26¼	+¼	29⅛	25	12,776	5.9
♥Bethlehem Steel		8⅛xd	-⅛	9⅝	7	620.5	—
Bowater		1109pxd	-15	1579p	1078p	389.5	6.1
CPC	h	24⅛	+⅛	25⅛	22⅞	3,602	2.8
♥Cadiz Land Inc		247p	—	342p	168p	—	—
California Engy		696p	—	830p	635p	116.6	—
Campbell Soup		17¾	+⅛	23⅞	17⅞	4,467	2.5
Chase Manhattan		14½xd	+¼	16½	9⅝	2,699	4.7
Chrysler		11½xd	+⅛	11½	6¼	3,361	2.9
Citicorp		11⅛xd	+⅛	11⅛	5⅝	8,052	—
Colgate-Palm		28½xd	—	29⅞	25¼	4,217	2.3
Cont'l Bank		914p	+12	1000p	485p	923.0	3.7
Dana		23⅛xd	+¼	24½	14⅞	1,062	3.9
Data General		403p	-1	1004p	403p	111.2	—
♥Decora Inds		90p	—	122p	85p	—	—
Dial		18xd	+⅛	24⅛	18⅞	702.5	3.3
Dun & Brad		29⅛	+¼	33½	27⅝	5,242	4.4
Eaton		41⅛	-⅛	46½	32½	1,495	3.0
Echlin		9⅞xd	-⅛	11	7⅞	561.5	4.0
FPL		18⅞xd	+⅛	20	18⅛	3,149	7.4
Fluor		21½xd	+⅛	27	21	1,749	1.0
Ford Motor		24¾	+⅛	26⅝	15	11,988	2.3
[illegible]							

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING - AEROSPACE

[illegible]

ENGINEERING - GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

Authorised by the Inland Revenue

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MERCHANT BANKS

	Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's	P/E
Ansbacher (H)		32	—	34	28	59.7	—	—
Baring 8pc Cm 2nd Prf		95xd	—	100	83½	11.9	11.2	—
8¾pc Non-Cum Prf		119¼xd	-½	122¼	103¼	48.1	11.3	—
Brown Shipley		115	-8	204	115	18.3	9.3	—
Close Bros	¶	248	—	257	245	92.4	4.7	11.1
Hambros	Q	283xd	—	292	215	436.5	7.3	9.2
7½pc Cv Pf		110	—	119	93	100.9	9.4	—
Joseph (L)		330	—	330	315	17.3	6.4	—
Kleinwort Benson		304	-1	324	212	305.2	7.0	21.6
Rea Bros		34	—	37	28	19.9	2.0	—
Schroders		1313	-5	1365	1043	880.6	1.8	15.3
N/V		1122	-2	1150	883	147.4	2.1	13.1
Singer & Fried		44	—	58	37	84.6	7.6	9.7
Warburg (SG)		544	—	605	445	1,131	4.4	10.9
5pc Cv Pf		190	-1	204	150	80.8	4.2	—
Wintrust		220	—	253	213	18.7	5.8	♦

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

latest annual earnings. e Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other ... xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

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Henderson Administration(z)

3 Finsbury Ave, London, EC2 M2PA 071-638 5757

	Bid Price	Offer Price	+ or −	Yield Gross
UK Equity	314.3	334.4	+1.8	–
Fixed Interest	64.8	69.0	−0.1	–
N. America	240.0	255.4	−1.9	–
Far East	344.6	366.7	+1.4	–
Global Managed	322.2	342.8	+1.6	–
Deposit	208.5	219.5	+0.3	–
Prime Res.	139.4	140.5	.....	–
European	188.2	200.3	+0.8	–
Pension Funds				
UK Equity	347.6	369.8	+1.2	–
Fixed Interest	231.7	246.5	−0.2	–
Special Sits.	256.6	273.0	+1.0	–
N American	151.2	160.9	−0.9	–
Far East	273.7	291.2	+1.6	–
Managed	294.8	313.7	+0.9	–
Deposit	253.5	266.7	+0.4	–
European Pension Fund	217.2	231.1	+0.9	–

Hill Samuel Life Assur. Ltd

NLA Tower, Addiscombe Rd, Croydon 081-686 4355

	Bid Price	Offer Price	+ or −	Yield Gross
Security Fund	388.6	411.3	−2.7	–
British Fund	406.7	430.4	−2.1	–
International Fund	360.6	381.6	.....	–
Dollar Fund	251.0	265.7	+2.5	–
Capital Fund	355.1	375.8	−1.4	–
Income Fund	514.3	545.3	−2.8	–
Property Series A	386.4	408.9	.....	–
Property Series S	623.1	654.3	.....	–
Financial Fund	365.5	386.8	−2.6	–
Managed Series A	416.9	441.2	−3.5	–
Managed Series C	247.2	261.6	−0.9	–
Managed Series S	741.9	781.0	−2.5	–
High Yield Fund	470.3	497.7	−2.4	–

Local Authorities Mutual Invest. Tst.*

2 Fore Street, London EC2Y 5AQ 071-588 1815

	Bid Price	Offer Price	+ or −	Yield Gross
Property May 31	190.25	194.05	.....	8.21
Equity May 31	922.95	936.85	.....	3.76

*Available only to Local Authorities

M & G Securities Ltd

	Bid Price	Offer Price	+ or −	Yield Gross
Charifund June 19	105.14		+0.1	10.26
Accum Units	653.56		+0.5	10.26
NAACIF Jun 16	42.00		.....	8.95

Morgan Grenfell Investment Funds Ltd

Allied Dunbar Assurance Plc

Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Fixed Int. Dep. Acc.	337.8	355.6	+0.2	–
Equity Acc.	1038.2	1092.9	−6.2	–
Property Acc.	482.7	508.2	.....	–
Far East Acc.	189.2	199.2	−0.4	–
European Acc.	26.1	27.5	−0.1	–
Managed Cap.	422.5	444.8	−2.2	–
Managed Acc.	813.2	856.0	−4.3	–
O'seas Earnings Acc.	739.8	778.8	−6.3	–
Gilt Edged Acc.	396.6	417.5	.....	–
American Equity Acc.	536.3	564.6	+1.7	–

Century Life Plc—Contd.

	Bid Price	Offer Price	+ or −	Yield Gross
Pension Funds				
Managed Capital	75.6	79.6	−0.3	–
Managed Accum	108.7	114.4	−0.4	–
Property Capital	78.7	82.8	−0.3	–
Property Accum	113.0	118.9	−0.4	–
Equity Capital	110.6	116.4	−0.4	–
Equity Accum	159.0	167.4	−0.6	–
Int'l Capital	66.6	70.1	−0.4	–
Int'l Accum	95.7	100.7	−0.6	–
Fxd Int Capital	135.5	142.6	–	–
Fxd Int Accum	194.6	204.8	+0.1	–
Deposit Capital	121.6	128.0	+0.1	–

Equitable Life Assurance Society

Walton St, Aylesbury Bucks HP21 7QW 0296 393100

Equity & Law

Amersham Road, High Wycombe 0494 463463

Life Association of Scotland

Lifetime Assurance Co Ltd

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Pearl Assurance (Unit Funds) Ltd				
Lynch Wood, Peterborough PE2 6FY 0733 470470				
Property Dist. (Gross)	135.4	142.5	+0.1	-
Property Acc. (Gross)	258.0	271.6	+0.2	-
Equity (Gross)	882.9	929.4	-3.6	-
Managed (Gross)	616.7	649.2	-1.6	-
Property Acc. (Net)	123.3	129.8	+0.1	-
Equity (Net)	204.8	215.6	-0.7	-
Adventurous Managed	93.2	98.1	----	-
Managed (Net)	189.6	199.5	-0.5	-
Cautious Managed	95.9	100.9	----	-
International (Net)	160.1	168.5	-0.8	-
Gilt & Fixed Interest	140.2	147.6	-0.1	-
Money Fund	139.7	147.0	+0.1	-
Mixed Fund (Cap)	118.4	124.7	-2.1	-
Mixed Fund (Acc)	122.8	129.3	-2.1	-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	669.3	704.6	-2.3	-
Ret Man (Series 2)	227.0	239.0	-0.8	-
Ret Cash	196.8	207.1	+0.2	-
Pens Mixed Fd (Cap)	131.4	138.4	-2.4	-
Pens Mixed Fd (Acc)	136.3	143.5	-2.5	-
Pens Stlg Fd (Cap)	103.4	108.9	+0.1	-
Pens Stlg Fd (Acc)	107.3	113.0	+0.2	-
Pegasus Assurance Ltd				
Broad Quay, Bristol BS1 4DJ 0272 230271				
Life Funds				
Managed Aggressive	102.9	108.4	+0.1	-
Managed Balanced	100.2	105.5	-0.1	-
Managed Cautious	112.1	118.1	+0.1	-
Pension Funds				
Managed Aggressive	108.1	113.8	----	-
Managed Balance	105.1	110.7	-0.1	-
Managed Cautious	116.0	122.1	----	-

For Pioneer Mutual see Swiss Pioneer

Premium Life Assurance Co Ltd

[illegible]

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline and 48p/minute at all other times. To obtain a free Un

ISLE OF MAN (REGULATED**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Weakness in yen and dollar

THE DOLLAR strengthened against the yen but weakened against European currencies yesterday, writes Peter Martin.

Across most markets, however, trading was thin, with dealers already influenced by the G7 meeting in two weeks' time.

Record low figures for Japanese money supply growth and a drop in the Nikkei stock market index below the 16,000 level for the first time since 1986 left the yen languishing. The dollar ended Tokyo trading on Monday at Y127.47, up from the Y127.00 reached late on Friday in New York.

Paul Chertkow of UBS in London said the Japanese government would do what was necessary to strengthen the stock market, which meant a fiscal stimulus package around the time of the G7 meeting. In the meantime, he said, the Japanese authorities would want to keep the yen strong against the dollar to allow a cut in the official discount rate (ODR) later on.

"The interesting thing is that today the Bank of Japan's money market actions suggest a slight tightening," said Gerard Lyons of DKB International, in London. "That suggests that the authorities are not keen to relax monetary policy ahead of the G7 meeting."

In European trading, the yen weakened further, moving through the Y81.00 level against the D-Mark. It closed at around Y81.10, compared with Y80.82 on Friday.

Against European currencies, the dollar continued its weakness of recent days. It opened at DM1.5735, down from Friday's DM1.675, then moved to DM1.5660 by the London close. Technically minded traders were testing the DM1.56 level, said UBS's Paul Chertkow, with the thought of a possible move back to DM1.5350, seen earlier in the year. In New York the dollar finished at the DM1.5660 London close.

Among EMS currencies, there was little change. The D-Mark continued to edge down in the wake of Irish voters' endorsement of the Maastricht treaty, but still retained much of the strength acquired after Denmark's "no" vote.

The lira, which had to be defended by the Bank of Italy in the middle of last week, slipped to DM756.25 from Friday's DM757.30. As some commercial banks raised lending rates, the lira escaped from the bottom of the EMS by the close, to be replaced by sterling. The Portuguese escudo, at the top, was 5.81 per cent above its central sterling rate. The pound was steady at DM2.9153.

South Africa's financial rand fell sharply, as the African National Congress called an emergency meeting for today to discuss whether to pull out of constitutional talks. The financial rand closed 6.7 per cent down at R3.84 to the dollar, from a Friday close of R3.60. The discount to the commercial rand widened to 27 per cent, the highest this year.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jun 22	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	178.735	170.256	-4.74	5.82	78
Spanish Peseta	133.631	128.961	-3.49	4.45	59
Belgian Franc	42.4032	42.2214	-0.43	1.23	22
Dutch Guilder	2.31643	2.31141	-0.22	1.02	12
D-Mark	2.05586	2.05169	-0.20	1.00	15
Irish Punt	0.767417	0.767371	-0.01	0.80	2
French Franc	6.89509	6.90683	0.17	0.63	-8
Sterling	0.696904	0.701879	0.71	0.08	-16
Danish Krone	7.84195	7.89874	0.72	0.07	-32

MONEY MARKETS

Cash trading quiet

THERE WAS little activity on the UK money markets yesterday, which were described by one trader as "deathly".

Interbank rates barely moved on the day and trading on the sterling futures market, which took a long time to warm up, was extremely thin. The slightly better than expected trade figures caused a ripple of enthusiasm but generally failed to make an impact.

Said one trader: "I think most people are fairly devoid of inspiration at the moment."

Overnight rates touched 12 per cent twice during the morning, once before the Bank of England announced the day's shortage, and again after only limited assistance was given in the early round.

UK clearing bank base lending rate 10 per cent from May 5,1992

The three-month interbank rate firmed slightly to 10⅛ per cent from last Friday's close, while further out, six-month money ended at 10 per cent.

The Bank of England's initial forecast liquidity shortage was £1.85bn. Assistance in the early round amounted to £218m and included £50m of band-1 Treasury bills at 9¾ per cent, £78m of band-1 bank bills at 9¾ per cent, £50m of band-3 bank bills at 9⅝ and £40m of band-4 bank bills at 9⅝ per cent.

Later in the morning the shortage was all but removed when the Bank bought bills totalling £1.4bn. This included a further £476m of band-1 bills at the same rate as before, £314m of band-2 bills at 9¾ per cent, and £167m of band-3 bills and £73m of band-4 bills, both at the same rate as before.

The shortage was revised to £1.9bn in the afternoon. The Bank intervened once more to buy £256m of bands-1 and 2 bills at 9¾ per cent.

On the sterling futures market, the September short sterling ended unchanged at 90.25 with only 7,869 lots traded.

● The Bank of Finland, the Finnish central bank, will institute a new system for regulating the supply of bank liquidity in a move to create a better functioning market, it was announced yesterday. The change, which takes effect on July 1, will do away with the current fixed call money rate and penalty rate. Instead, commercial banks' deposit and loan rates will be tied to the central bank's tender rate, the weighted average of all accepted bids for central bank funds or certificates offered for sale in the money market.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 22) 3 months US dollars		6 months US Dollars	
bid 3⅞	offer 4	bid 4	offer 4⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — 4pm

Prime rate	6½
Broker loan rate	6
Fed.funds	3⅞
Fed.funds at intervention	3¾

Treasury Bills and Bonds

One month	3.36	Three year	5.49
Two month	3.70	Five year	6.43
Three month	3.73	Seven year	6.83
Six month	3.88	10-year	7.23
One year	4.13	30-year	7.87
Two year	4.97		7.84

June 22	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.55-9.65	9.60-9.70	9.65-9.75	9.65-9.75	9.65-9.75	9.75
Paris	9⅞-10⅛	9⅞-10⅛	10-10⅛	10-10⅛	9⅞-10⅛	9.60
Zurich	7¾-8¾	8¾-9¼	-	9-9¼	-	-
Amsterdam	8.25-8.40	9.43-9.50	-	9.43-9.50	-	-
Tokyo	4⅛-4¼	4⅛-4⅛	-	-	-	-
Milan	13½-13¾	14⅛-14¾	-	13½-14	-	-
Brussels	9⅞-9⅞	9⅛-9⅞	-	9½-9⅝	-	-
Dublin	9¾-10	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	-

LONDON MONEY RATES

Jun 22	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10⅛	10⅛	10⅛	10⅛	10	9⅞
Interbank Bid	9¼	10⅛	10	9⅞	9¾	9⅞
Sterling CDs	-	-	10⅛	9⅞	9¾	9¾
Local Authority Deps.	10⅛	10⅛	10	9⅞	9⅞	9⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	9¾	10⅛	-	-	-	-
Company Deposits	-	-	10⅛	10	10	10
Finance House Deposits	-	-	9⅞	9⅞	9¾	9⅞
Treasury Bills (Buy)	-	-	9⅞	9⅞	9¾	-
Bank Bills (Buy)	-	-	9⅞	9⅞	9¾	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.72	3.76	3.90	4.31
SDR Linked Dep. Offer	-	-	6⅜	6⅜	6⅜	6⅜
SDR Linked Dep. Bid	-	-	6⅛	6⅛	6¼	6⅞
ECU Linked Dep. Offer	-	-	10½	10⅜	10⅜	10⅜
ECU Linked Dep. Bid	-	-	10⅜	10⅛	10⅛	10¼

Treasury Bills (sell); one-month 9¾ per cent; three months 9⅞ per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 9⅞ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.3837 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 29, 1992. Agreed rates for period June 24, 1992 to July 225, 1992, Scheme I: 11.34 p.c., Schemes II & III: 11.35 p.c. Reference rate for period May 1, 1992 to May 29, 1992, Scheme IV&V: 10.122 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from June 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991. Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES AND OPTIONS

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8615	1.8521	1.8341	1.8097	1.7695

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
105	-	2.78	-	0.17	0.37	-
106	-	-	-	0.33	0.64	-
107	0.88	1.42	1.77	0.66	0.97	1.17
108	0.41	0.92	-	1.23	1.44	-
109	0.17	0.57	-	-	-	-
110	0.06	-	-	-	-	-
Open int	98,594	57,370	200	86,717	33,175	400

Estimated volume 104,373 Total Open Interest 276,456

BASE LENDING RATES

	%		%		%
Adam & Company	10	Credit Lyonnais	10	McDonnell Douglas Bnk.	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Duncan Lawrie	10	Mount Banking	10
● Henry Ansbacher	10	Equatorial Bank plc	10	NatWestminster	10
B & C Merchant Bank	10.5	Exeter Bank Limited	10.5	Northern Bank Ltd	10
Bank of Baroda	10	Financial & Gen. Bank	10	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	10	● Robert Fleming & Co.	10	Provincial Bank PLC	14
Bank of Cyprus	10	Robert Fraser & Ptnrs.	10.5	● Rea Brothers	10
Bank of Ireland	10	Girobank	10	Roxburghe Bank Ltd.	11
Bank of India	10	● Guinness Mahon	10	Royal Bk of Scotland	10
Bank of Scotland	10	Habib Bank A.G. Zurich	10	● Smith & Williamson Secs.	10
Banque Belge Ltd	10	● Hambros Bank	10	Standard Chartered	10
Barclays Bank	10	Hampshire Trust Plc	13.5	TSB	10
Benchmark Bank	11	Heritable & Gen Inv Bnk.	10	Unibank plc	10
Brit Bk of Mid East	10	● Hill Samuel	10	● United Bk of Kuwait	10
● Brown Shipley	10	C. Hoare & Co.	10	Unity Trust Bank Plc	10
CL Bank Nederland	10	Hongkong & Shanghai	10	Western Trust	10
Citibank NA	10	Julian Hodge Bank	10	Whiteaway Laidlaw	10
City Merchants Bank	10	● Leopold Joseph & Sons	10	Yorkshire Bank	10
Clydesdale Bank	10	Lloyds Bank	10		
Co-operative Bank	10	Meghraj Bank Ltd	10		
Coutts & Co	10				

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

CROSSWORD

No.7,880 Set by QUARK

ACROSS

1, 5 It indicates what's with it (8,6)
9 Type with no space for the petrol (8)
10 Nothing in mutt's rambling is extreme (6)
12 Outside of earth about to get corrosion (5)
13 Seek to take care of (4,5)
14 Against part of river's use? (6)
16 Tommy's secret (7)
19 Kiddy at break gets a grasshopper (7)
21 The batsman with the bottle? (6)
23 Force to depend on reversion to type (9)
25 A doctor in church forms the professional nucleus (5)
26 Instability? It's in tax (6)
27 First showing of PM by the east (8)
28 UN star turns out for a rocket (6)
29 Rome track mainly displayed for map-maker (8)

DOWN

1 It's essential in car to hold tightly (6)
2 Food container that requires filling (3-2-4)
3 A sort to get upset and criticise (5)
4 Unnecessary cut produces anger (7)
6 Further diet changes to pass for trial abroad (9)
7 Fish transactions dismissed (5)
8 One going back about the old master (8)
11 Confine company to work (4)
15 Broken oar wasted: it makes a splash (4-6)
17 A repair indicated, they say, a minor improvement (9)
18 Gets a lot of quick wickets in the game (8)
20 A wood in Kent (4)
21 Melt down ore and take for plant (3,4)
22 The man at the back is to fly again (6)
24 Take top of hedge to draw one's attention (5)
25 Funny way to get under ball in cricket club (6)

Solution to Puzzle No.7,879

هكذا من الأصل

WORLD STOCK MARKETS

AUSTRIA

June 22	Sch	+ or –
Austrian Airlines	2,175	–25
Creditanstalt Pf	509	–7
EA General	3,380	–70
EVN	843	–5
Jungbunzlauer	16,250	....
OeMV	881	–7
Perlmooser Zement	1,480	–40
Radex Heraklith	584	–4
Reininghaus Brau	1,639	–11
Steyr Daimler	189	–6
Veitscher Magnesit	345	–20
Verbund (Br) A	514	–2
Wienerberger	4,660	–60
Z-Laenderbank	1,050	+5

BELGIUM/LUXEMBOURG

June 22	Frs.	+ or –
ACEC-Union Min	2,405	–35
AG Group	1,975	–15
Arbed	4,150	–50
BBL	3,410	–20
Bank Intl a Lux	10,100	–1,400
Banq Gen Lux Pts	12,400	+550
Barco	1,280	–28
Bekaert	12,200	–300
CBR Ciment	8,240	–50
CMB	2,200	–10
Cobepa	4,940	–25
Cobepa AFV I	4,810	–10
Cockerill Pyiv	167	–5
Colruyt	4,870	–30
Delhaize Frs Lion	1,660	–30
Electrabel	4,615	–5
Electrabel AFV1	4,520	–20
Electrafina ACT	2,595	–5

FRANCE (continued)

June 22	Frs.	+ or –
Bouygues	587	–11
CGIP	1,086	–12
C M B Packaging	183xd	....
Canal+	1,175	–7
Cap Gemini S	280	+5.20
Carrefour	2,600	–26
Casino	148.50	–6.10
Cetelem	753	–1
Chargeurs	1,173	–27
Club Mediterranee	457	–5.90
Cogifi	356	–3
Coparex	611	....
C C F	177.40	–5.10
Cr Fonc France	871	–3
Cred Lyon (CI)	552	–16
Credit National	942	–18
Damart	3,206	–24
Docks de France	409.80	–1.80
Dollfus Mieg Cie	346	–7
EBF	885	+6
Eaux Cie Genl	2,237	–32
Ecco	434	–11
Elf-Aquitaine	373.80	–3
Elf-Aquitaine Certs	265.10	–1.90
Eridania B-Say	670	+9
Eridania B-Say Cl	491	–1
Essilor Int	409.10	–6.90
Etex	2,055	–35
Eurafrance	1,390	–21
Eurocom	675	–15
Euro Disney	111.70	–0.80
Fiosertel	119.70	–0.30
Fonc Lyonnaise	600	–10
From Ct et Auv	3,234	–76
GTM-Entrepose	414.70	–2.70
Gal. Lafayette	2,173	–25
Gaumont (Soc N)	470xd	–21

CANADA

TORONTO

4:00 pm prices June 22

MONTREAL

4:00 pm prices June 22

Sales	Stock	High	Low	Close	Chng
1900	DominTxt A	$6⅞	d6¾	6⅞	–⅛
800	MacleanHnt	$11¾	11¾	11¾	–⅛
81400	NatBk Can x	$8⅞	8⅝	8⅞	–⅛
1500	Provigo	$8⅛	8⅛	8⅛	–⅛
800	Quebecor A	$13⅞	13⅞	13⅞	–⅛
1700	Teleglobe x	$13⅝	13½	13½	–⅛
4200	Videotron	$16½	16¼	16½	

Total Sales 11,282,800 shares

INDICES

NEW YORK

DOW JONES	Jun 22	Jun 19	Jun 18	Jun 17	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3280.80	3285.35	3274.12	3287.76	3413.21 (1/6)	87.78 (18/6)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	99.88	100.15	100.01	99.09	100.17 (19/5)	98.41 (20/3)	100.17 (19/5/92)	54.99 (1/10/81)
Transport	1295.03	1303.44	1304.00	1318.20	1467.68 (20/2)	1295.03 (22/6)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	212.63	213.51	212.69	212.82	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3298.19 (3313.17) Low 3242.28 (3285.35)

STANDARD AND POOR'S

	Jun 22	Jun 19	Jun 18	Jun 17	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	403.40	403.67	400.96	402.26	420.77 (15/1)	394.50 (8/4)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	473.57	475.78	472.33	474.02	499.27 (15/1)	470.91 (8/4)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.21	34.31	34.15	34.27	35.80 (13/5)	32.40 (8/4)	35.80 (13/5/92)	8.64 (1/10/74)
NYSE Composite	221.56	221.96	220.61	221.45	231.85 (15/1)	217.92 (8/4)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	375.62	379.39	377.49	379.74	418.99 (12/2)	375.62 (22/6)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	549.73	554.20	549.17	553.24	644.92 (12/2)	549.17 (18/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Jun 19	Jun 12	Jun 5	year ago (approx.)
Dow Industrial Div. Yield	3.14	3.03	2.99	3.07
	Jun 17	**Jun 10**	**Jun 3**	**year ago (approx.)**
S & P Industrial div. yield	2.72	2.69	2.63	2.74
S & P Indl. P/E ratio	28.03	28.44	28.96	19.24

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Telefonos	3,949,000	44⅞	- 2⅝
Merck	3,545,000	50⅝	+ 2⅞
Chrysler	1,970,300	21	£ ⅛
IBM	1,859,100	95⅛	+ ¼
Glaxo	1,852,300	26	+ ¼
Citicorp	1,712,400	20⅞	- ¼
Abbott Labs	1,566,100	29⅞	+ 1½
Gen Motors	1,533,500	43¼	- ⅛
Adv Micro	1,507,800	9¾	+ ⅛
Coca Cola	1,458,400	40¼	- ⅛

TRADING ACTIVITY

† Volume (Millions)	Jun 22	Jun 19	Jun 18
New York SE	169.340	233.440	215.080
Amex	9.226	11.289	10.829
NASDAQ	(u)	177.568	187.863
NYSE			
Issues Traded	2,271	2,270	2,258
Rises	603	1,010	586
Falls	1,143	704	1,122
Unchanged	525	556	550
New Highs	22	27	24
New Lows	75	47	83

CANADA

TORONTO	Jun 22	Jun 19	Jun 18	Jun 17	1992 HIGH	1992 LOW
Metals & Minerals	3095.46	3101.27	3088.12	3125.80	3238.87 (16/1)	2828.26 (8/4)
Composite	3340.66	3350.89	3357.17	3368.19	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1758.26	1760.97	1762.95	1770.32	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jun 22	Jun 19	Jun 18	Jun 17	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1636.3	1633.9	1624.9	1631.1	1684.50 (22/5)	1545.30 (9/4)
All Mining (1/1/80)	708.5	706.7	701.8	706.4	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	396.69	402.78	(c)	403.97	458.57 (24/2)	372.24 (2/1)
Traded Index (2/1/91)	959.49	972.18	(c)	976.80	1099.43 (24/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1172.45	1181.97	1176.22	1189.99	1235.40 (2/6)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	316.93	318.67	319.02	319.02	365.29 (15/1)	316.93 (22/6)
FINLAND						
HEX General (28/12/90)	758.6	(c)	769.2	786.9	935.90 (24/2)	758.60 (22/6)
FRANCE						
CAC General (31/12/82)	516.74	528.06	518.48	525.06	553.93 (12/5)	475.53 (2/1)
CAC 40 (31/12/87)	1885.77	1913.92	1891.80	1908.84	2077.49 (11/5)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	704.12	705.48	(c)	706.39	725.26 (26/5)	643.26 (8/1)
Commerzbank (1/12/53)	1990.70	1992.90	(c)	1992.30	2043.80 (25/5)	1813.80 (8/1)
DAX (30/12/87)	1770.64	1772.89	(c)	1771.78	1811.57 (25/5)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	5819.94	5787.60	5796.18	5846.06	6082.70 (27/5)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1352.28	1362.31	1355.40	1370.07	1469.57 (17/1)	1346.61 (3/4)
ITALY						
Banca Com. Ital. (1972)	474.57	469.88	471.79	469.69	551.59 (6/2)	468.79 (16/6)
MIB General (2/1/92)	934.0	926.0	930.0	925.0	1086.00 (5/2)	925.00 (16/6)
JAPAN						
Nikkei (16/5/49)	16921.22	16619.87	16045.56	16445.80	23801.18 (6/1)	16045.56 (18/6)
Tokyo SE (Topix) (4/1/68)	1240.18	1267.27	1245.64	1276.61	1763.43 (6/1)	1196.19 (9/4)
2nd Section (4/1/68)	1919.21	1924.41	1926.23	1950.39	2459.85 (6/1)	1910.56 (9/4)
MALAYSIA						
KLSE Composite (4/4/86)	594.85	596.58	596.50	603.19	619.86 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	304.0	306.2	305.0	309.8	314.90 (9/6)	274.00 (8/1)
CBS All Shr (End 1983)	207.7	209.3	208.4	211.7	215.50 (26/5)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	706.92	715.01	717.44	724.52	772.74 (18/5)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1519.54	1493.92	1499.78	1535.82	1580.95 (11/6)	1083.91 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	403.07	405.48	407.00	410.44	416.99 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1141.0	1158.0	1132.0	1152.0	1327.00 (21/1)	1006.00 (24/4)
JSE Industrial (28/9/78)	4471.0	4522.0	4498.0	4545.0	4689.00 (4/6)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	558.32	571.02	563.85	576.72	691.48 (8/2)	558.32 (22/6)
SPAIN						
Madrid SE (30/12/85)	246.41	249.49	246.51	248.78	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	924.78	(c)	928.98	943.38	1014.50 (11/5)	913.78 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	855.2	862.6	859.7	863.7	883.40 (11/5)	748.50 (8/1)
SBC General (1/4/87)	649.4	655.5	652.3	655.3	682.30 (11/5)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4697.66	4587.85	4628.78	4603.90	5391.63 (30/1)	4268.17 (11/5)
THAILAND						
Bangok SET (30/4/75)	756.29	753.55	755.73	756.29	832.39 (7/4)	667.84 (19/5)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	498.3*	493.3	489.8	493.5	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	925.61	932.98	926.61	936.15	976.55 (25/5)	870.31 (2/1)

**Saturday June 20: Taiwan Weighted Price: 4618.02, Korea Comp Ex. 565.29.
a Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday 22 June 1992

	Stocks Traded	Closing Prices	Change on day
Meiji Milk Prod	7.3	991	-39
Sanyo-Kokusaku	4.4	541	-23
Morinaga Milk	3.1	858	-33
NPN Formula	2.3	671	-23
Mitsui Eng	2.1	381	-12
Toshiba Corp	2.0	600	-1
Mitsubishi Hvy	1.9	540	-3
Marubeni	1.8	365	-13
NPN Steel Corp	1.8	283	+2
Sumitomo Metal	1.6	240	-10

4:00 pm prices June 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅜	11¾	AAR Corp	0.48	4.0	14	257	12	d11⅞	11⅞	
25	19½	ACM Gvt Fd	0.18	1.0	75	669	19⅜	d18½	18⅝	-⅝
68¼	56	AMP Inc	1.32	2.8	23	1097	58⅛	57¾	58	-⅛
68⅝	60⅞	AMR				2326	64½	63⅞	64½	+½
2⅞	1⅝	ARX			2	135	1⅞	1⅝	1⅝	
53⅜	40¾	ASA	2.00	4.9	1	12714	42⅞	d39⅝	41	-1⅞
34¼	26¼	Abbott Lab	0.60	2.1	21	12808	29⅛	27⅞	29¼	+1⅛
18⅞	12	Abitibi Pr	0.50	3.6	8	3	13¼	13⅛	13⅛	
11⅞	10¼	ACM Gv In x	0.96	8.7		106	11	10⅞	11	
10½	9¼	ACM GvOp x	0.80	8.3		53	9¾	9⅝	9⅝	-⅛
9⅞	8½	ACM Gv Sp	0.80	8.5		156	9⅜	9	9¼	
11¾	10⅛	ACM BtSp x	1.18	10.6		225	10¾	10⅝	10⅝	-⅛
9⅝	8⅞	ACM Mun x	0.86	10.1		115	9¾	9⅛	8⅞	
12⅞	10⅝	ACM MnegI x	1.08	9.4		77	11⅝	11½	11½	-⅛
11⅞	8¼	Acme Cleve	0.40	5.4	25	3	7⅞	7⅞	7⅞	-⅛
6⅝	4½	Acme Elect			4	14	4⅝	d4⅜	4⅝	+⅛
32¼	18⅞	Acuson			12	1310	20½	20	20⅛	-½
19½	18¼	Adams Expr	0.48	2.6	0	42	18⅝	18½	18⅝	
40⅛	29½	Ad Micro	3.00	9.6		1729	31½	30¼	31¼	+⅝
21½	8¼	Ad Micro P	3.00	30.8		49493	9⅞	9½	9¾	+⅛
9⅞	5	Advest Grp	0.16	2.7	59	92	6⅛	5⅞	6	-⅛
36	33	Aegon ADR	1.68	4.9	6	33	34⅜	34	34⅜	-⅛
47	38¾	Aetna Lf	2.76	6.8	7	1246	40½	40	40½	+⅛
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Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices June 22

NASDAQ NATIONAL MARKET

4:00 pm prices June 22

AMERICA

Sluggishness of US recovery spreads gloom

Wall Street

ALTHOUGH US share prices recovered from heavy early losses yesterday, market sentiment remained depressed amid deepening gloom about the sluggishness of the US economic recovery and its effect on corporate earnings, *writes Patrick Harverson in New York.*

The Dow Jones Industrial Average was finally off 4.55 at 3,280.80, a substantial rally from early afternoon when it had been 30 points down.

The Standard & Poor's 500 lost a net 0.26 at 403.41, the American SE composite shed 3.77 to 375.62 and the Nasdaq composite gave up 4.47 at 549.73. Turnover on the New York SE was 169m shares.

The market has fallen in four out of the last five trading days (the only exception being Friday when options-related buying lifted the Dow 11 points), and analysts have interpreted the declines as part of a concerted sell-off by investors – a substantial correction of the recent bull phase.

Some say that an increasing number of investors now believe equities are overvalued and, troubled by the feebleness of the economic recovery, find more reasons to sell stocks than to buy them.

Merck bucked the trend, rising $2¼ to $50½ in heavy trading on news that the US Food and Drug Administration (FDA) had approved the company's Proscar drug, used in the treatment of enlarged prostate glands.

Another rare gain was recorded by Time Warner, which rose $¾ to $110⅞ as investors celebrated news that the new *Batman Returns* film, produced by subsidiary Warner Brothers, earned more than $46m in gross receipts over its opening weekend.

Boeing eased $⅝ to $41⅞ on reports that the aircraft manufacturer is fighting European consortium Airbus Industries for a $2.4bn contract for jetliners from United Airlines.

International Rectifier dropped $2¼ to $8⅛ after the company warned that previous earnings projections were too optimistic and said its fiscal fourth-quarter net would be only slightly in the black.

The losses on Latin American, and especially Mexican, markets took their toll of certain stocks, notably Telmex, down $2⅞ at $44⅞, Mexico Fund, $1⅝ lower at $20⅞, and Brazil Fund, off $1⅝ at $17⅛.

On the Nasdaq market, Heart Technology fell a further $2½ to $9¼ after voluntarily recalling its coronary rotablator device following five reported failures. On Friday the stock fell sharply when the company asked customers to stop using the product.

Canada

TORONTO rallied from early weakness in line with Wall Street, the TSE 300 index ending a net 10.2 off at 3,340.7 after a near 30-point initial fall. Declines led rises by 342 to 219 and volume was 23m shares.

The gold group recovered from Friday's decline, rising 1.37 per cent. The New York spot gold price was up US$2.75 to US$343.25 an ounce.

SOUTH AFRICA

JOHANNESBURG fell following the ANC's decision to withdraw from negotiations on power-sharing with the government. But the weakness of the financial rand, which lost 7.5 per cent earlier in the session before recovering slightly, helped lift those companies with offshore assets. The overall index lost 42 to 3,639 and industrials were down 51 at 4,471. The gold index shed 17 to 1,141. Minorco gained 25 cents to R47.25 and Lonrho added 15 cents to R5.55. De Beers shed R1 to R87.50.

EUROPE

Weakness abroad outweighs a little Irish comfort

AFTER firming on Friday *following the Irish 'yes' vote on* the Maastricht treaty, markets weakened yesterday after Tokyo's steep overnight decline, *writes Our Markets Staff.*

The Irish referendum result had given traders a brief moment of comfort following the Danish 'no' earlier in the month which seemed to have effectively derailed hopes for closer economic union.

There was general agree*ment among analysts yester*day that whatever muted euphoria had been generated by the Irish referendum result had been dissipated by the start of trading.

*Mr Sushil Wadhwani of Gold*man Sachs said he did not expect European bourses to move decisively higher until the French referendum on Maastricht had been held. He also pointed out that there was uncertainty over Germany's attitude towards Maastricht, with the possibility that the German government might seek to make amendments.

PARIS erased most of Friday's gains as a domestic newspaper poll showed that only 29 per cent of investors were bullish about the stock market. Weakness in the Matif, as arbitrageurs covered their posi*tions following the govern*ment's FFr140m bond swap plan announced on Friday, also weighed on share prices.

The CAC 40 index dropped 28.15 or 1.5 per cent to 1,885.77 *in turnover of FFr2.4bn, of* which around FFr421m was generated by a block trade in BSN and FFr297.5m in Lyonnaise des Eaux.

Dealers said that the block trades were likely to have been executed by an insurance company in order to realise a profit in one fund, and transfer the stock to another fund. Lyonnaise fell FFr6 to FFr522 and BSN lost FFr12 to FFr1,080.

Michelin dropped FFr7.50 to FFr191.50 on rumours, denied by the company, that it was about to have a FFr12bn rights issue.

FRANKFURT saw the DAX index close just 2.25 lower at 1,770.64 after a 1.36 decline to 704.12 in the FAZ at midsession, and share prices moved little in the post-bourse. Turnover fell from DM13.9m, *inflated by the expiry* of derivatives contracts, to just DM4.4bn.

Volkswagen's drive for volume in the European mass car market, reflected in a 17.5 per cent market share in the first five months of 1992, was marked by a small rise in the shares which closed just DM1.60 higher at DM403.70.

Mr Reinhard Fischer, head of European research at Paribas Capital Markets, observed that VW shares had already produced a 20 per cent gain relative to the DAX index since the start of 1992. He added that VW's marketing costs were *shooting up*, and that Paribas saw earnings on a declining trend over the next two years.

MILAN rose on dealers' hopes that a government would be formed this week. However, a further rise in interest rates, reflecting higher bond yields and the lira's weakness, acted as a brake on the market. The Comit index rose 4.69 to 474.57 in turnover estimated at between L80bn-L90bn after L79.5bn.

Fiat rose L137 or 2.6 per cent to L5,452 as professionals and institutions bought the stock *in anticipation* of a stock market rally when the new government is announced. On the screen market, the state telephone company Sip remained the most heavily dealt stock, gaining L4 to L1,304 in volume of 3.4m shares.

ZURICH heard that hopes of an economic recovery in the first quarter of 1992 had not been fulfilled, and the SMI index lost 22.4, or 1.2 per cent to 1,846.9.

Roche recovered some early losses after the group said that its Hivid AIDS drug had received FDA approval for use in combination with Wellcome's Retrovir. The certificates, which headed the active list, ended SFr40 easier at *SFr3,390 after SFr3,310.*

AMSTERDAM declined in sluggish trade, the CBS Tendency index *losing 0.30 to* 125.20 in turnover of some Fl 400m.

Volmac fell Fl 3.40 or 12.6 per cent to Fl 23.50 with just 18,000 shares traded: the software group reported disappointing profit figures after the close on Friday. KLM's weakness continued, down Fl 1.10 to Fl 37.20, on nervousness that the transatlantic price war may affect earnings. Profit-taking in Heineken saw the shares off Fl 2.00 at Fl 166.20.

MADRID fell in line with other markets, the general index losing 3.08 to 246.41. Trading in Ercros, the chemicals group, was suspended at Pta177 after the chairman announced his resignation. Its shares have lost 33 per cent over the last month.

STOCKHOLM eased but a large block trade in the pharmaceutical company, Astra, accounted for more than half of turnover *which* climbed from SKr430m to SKr837m. Astra shares became free of foreign ownership *restrictions* yesterday; the A ended SKr1 lower at SKr543 on in SKr547m as the Affärsvärlden General index fell 4.2 to 924.7.

In **COPENHAGEN**, the central bank's weekend promise to meet Unibank's liquidity *requirements*, following rumours about the bank's financial soundness, stabilised the share price which closed up DKr2 at DKr158. The All-Share Index slipped by 1.69 to 316.93, *writes Hilary Barnes.*

Danisco fell by DKr25 to DKr733 following a report that the company is being investigated by the EC in connection with allegations of a price cartel in the European *sugar* market. Danisco's annual results for 1991-92 are due today.

TEL AVIV hit *a new* record, anticipating decisive results from today's Israeli general elections and *contradicting* opinion polls which have projected a deadlock. The blue chip share index rose 2.48 to 137.22 in turnover of 92.2m shekels.

FT-SE Eurotrack 100 - Jun 22

Hourly changes							
Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1150.95	1151.31	1151.05	1150.88	1150.85	1150.92	1150.79	1149.77

Day's High 1151.48 — Day's Low 1149.50

Jun 19	Jun 18	Jun 17	Jun 16	Jun 15
1154.66	1145.88‡	1158.46	1165.38	1159.75

Base value 1000 (26/10/90). ‡ Partial.

ASIA PACIFIC

Nikkei average falls 3.6 per cent to 68-month low

Tokyo

A LOWER futures market prompted arbitrage-related selling, *depressing the Nikkei* average by 3.6 per cent to its weakest level for 68 months, *writes Emiko Terazono in Tokyo.*

The 225-issue average fell *598.65 to end at 15,921.22, its* lowest close since October 22, 1986. The index rose to the day's high of 16,649.64 after the opening on short-covering, but later dropped on a steady flow *of arbitrage-related selling,* reaching the day's low of 15,885.79 in the afternoon. Vol*ume decreased to 230m shares* from Friday's 236m.

Worries about economic *prospects* kept *investors from* committing funds and, while small-lot buying by public *pension funds was noted*, traders said the amounts were not large enough to counter the *arbitrage selling* pressure.

Declines overwhelmed advances by 732 to 204, with *151 issues unchanged.* The Topix index of all first section stocks shed 27.09 to 1,240.18, *but in London the ISE/Nikkei* 50 index edged up 0.69 to 968.99.

Sentiment deteriorated as the market fell through the 16,000 psychological support level. *Ms Kathy Matsui at Bar*clays de Zoete Wedd said that while there was no panic sell*ing, share prices were spiral*ling down because of lack of buying interest.

Mr Jason James at James Capel said institutional investors, looking for weaker mar*ket levels in the near future*, were hedging their long positions by selling in the futures *markets. "The market has bro*ken out of its bottom, and some chartists are saying it *is 'open country' from here,"* he added.

Nippon Life, the leading life *insurer, said its fund managers* were buying in small lots. However, prospects of an *orchestrated move among life* insurers were unlikely, since most of unrealised gains had *been already wiped out at* some of the leading insurance groups.

*Mr Fumio Hiramoto, man*ager of Nomura Securities' stock market division, said the bottom should be around 15,500-15,600, due to a number of technical resistance lines.

Dealers unloaded short-term speculative holdings. Meiji Milk Products, the most active *issue of the day, fell Y39 to* Y991 and Morinaga Milk Industry plunged Y33 to Y858.

Daikyo, the condominium maker, lost Y75 to an all-time low of Y670. The stock is now *84 per cent off its peak regis*tered in the early 1980s. Other real estate-related companies *also retreated*, Mitsui Fudosan slipping Y10 to Y827 and Mitsubishi Estate Y45 to Y741.

High-technology issues declined on institutional selling. Hitachi weakened Y23 to Y760, *Fujitsu Y28 to* Y602 and Sony Y150 to Y4,010.

In Osaka, the OSE average *receded 275.69 to 19,000.52* in volume of 13.5m shares.

Roundup

THE Japanese market woes *had a limited effect on equities* elsewhere in the Pacific Basin.

TAIWAN saw its heaviest *trade since February, turnover* doubling from T$24.7bn to T$49.2bn as speculative buying *pushed the weighted index up* 79.64, or 1.7 per cent, to 4,697.66.

China Development, a recent speculative favourite, led the heavily weighted financial sector to a gain of 3.6 per cent as it rose T$7.50 to T$121.50. Food companies were strong because of the appreciation in the Taiwan dollar, making their raw material imports cheaper.

MANILA was lifted by Friday's $1⅞ rise to $38¼ in Philippine Long Distance Tele*phone, the composite* index adding 25.62 points at 1,519.54.

SEOUL reached a low for the year as *the composite index* lost 6.97 to 558.32. Falls in banks and securities houses *spread to other sectors, and* sentiment was also affected by worries about an oversupply of *shares after a statement* by South Korean finance vice-minister Lee Soo-yoo that he would *consider allowing the state-run* Industrial Bank of Korea to make an initial public offering.

HONG KONG climbed, although afternoon profit-taking trimmed early gains. The Hang Seng index closed 32.34 higher at 5,819.94 in turnover down from HK$3.04bn to HK$2.73bn. Initial gains on the strength of last Friday's Tokyo and Wall Street performances were more than enough to offset the weakness in Japan yesterday.

AUSTRALIA edged higher in quiet trade, the All Ordinaries index firming 2.4 to 1,636.3, with investors preoccupied by Tokyo's decline and the initial public offering of shares in GIO Australia.

The offer will raise up to A$1.2bn, and will employ a constrained open-pricing mechanism with an application price of A$2.40, and a final sale *price determined by demand.*

Tokyo's problems weigh on bourses

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1992	Start of 1992	Start of 1992
Austria	-2.00	-0.65	-19.49	+7.05	+3.75	+3.11
Belgium	-1.63	-2.91	-2.59	+1.66	-1.19	-1.79
Denmark	-2.88	-5.91	-15.26	-10.78	-12.16	-12.70
Finland	-0.97	-6.07	-25.89	+0.95	-2.04	-2.64
France	-0.95	-5.94	+8.22	+8.97	+7.47	+6.81
Germany	-0.31	-2.06	-0.07	+10.17	+7.11	+6.44
Ireland	+0.61	-3.46	-3.98	-2.59	-4.47	-5.07
Italy	-0.88	-5.46	-20.13	-4.84	-7.25	-7.81
Netherlands	-2.75	-1.37	+4.57	+8.85	+5.84	+5.19
Norway	-4.78	-7.79	-19.43	+1.49	-0.67	-1.26
Spain	+0.47	-4.11	-8.29	+1.65	+0.21	-0.41
Sweden	-1.72	-6.38	-11.43	+8.14	+6.46	+5.81
Switzerland	-0.68	-2.00	+9.74	+12.69	+8.50	+7.82
UK	-0.82	-5.23	+4.25	+4.65	+4.65	+4.01
EUROPE	-0.93	-4.34	+1.17	+5.77	+4.32	+3.68
Australia	-1.23	-3.05	+6.23	-1.72	-1.93	-2.54
Hong Kong	-0.25	+0.00	+61.42	+37.79	+39.44	+38.59
Japan	-4.75	-7.84	-31.39	-26.95	-27.65	-28.10
Malaysia	+0.45	+1.05	-8.82	+3.50	+12.62	+11.93
New Zealand	-0.18	-1.94	+1.63	-1.49	-0.11	-0.70
Singapore	-1.98	+3.02	+2.67	+1.90	+2.37	+1.74
Canada	-2.61	-1.84	-7.53	-5.45	-8.16	-8.73
USA	-1.43	-2.56	+8.37	-3.16	-2.57	-3.16
Mexico	-8.18	-10.42	+48.21	+6.70	+4.59	+3.94
South Africa	-0.64	-0.15	+11.02	+7.23	-4.80	-5.39
WORLD INDEX	-2.14	-4.30	-6.16	-7.57	-8.12	-8.12

† Based on June 19th 1992. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities

By *Antonia Sharpe*

Ireland's vote in favour of the Maastricht treaty on Friday lifted European bourses after their recent weakness, but Tokyo remained beset with problems, and bore much of the blame for last week's 2.1 per cent fall in local currency terms in the FT-Actuaries World Index.

Investor sentiment in Tokyo was dented by the release of the tankan, the Bank of Japan's *quarterly business* survey, which showed a deterioration of business confidence among company *managers*, as well as indications that the government might have to cut its *economic growth forecast* for the year to March 1993.

Nomura International believes *the outlook for Japa*nese equities remains bleak in the short term. "Concern about the real estate *market* following negative rumours on Daikyo, and bad debt at the banks, *is putting severe pres*sure on the asset side of the market – which still appears *overvalued to many inves*tors," the broker says in its weekly report.

Mexico was the worst performer, dropping 8.2 per cent on the week in heavy trading, weighed down by foreign selling. Mr Federico Laffan of Latin American Securities says several factors are pulling the market lower: Mr Ross Perot's rising popularity *and his anti*-free trade stance; worries, considered unfounded by Mr Laffan, that Telmex union *mem*bers might sell their 3 per cent stake; the government's scal*ing back of economic growth* forecasts; and a rush of new equity issues.

He points out that investors are overlooking some positive factors: the government's com*mitment to low inflation*, recent privatisations and debt reduction; and GDP growth *still higher than that of devel*oped countries. After the recent downward correction, *the market is attractively* valued, in his view, while earnings growth remains strong. *"None the less, external fac*tors are likely to keep the market volatile over the next three *to five months," he adds.*

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY JUNE 22 1992								FRIDAY JUNE 19 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (69)	146.57	−0.3	116.74	117.71	119.34	130.00	+0.2	4.20	147.02	117.22	117.98	120.01	129.76	153.68	140.94	139.10
Austria (19)	170.30	−0.8	135.63	136.77	138.65	138.70	−1.3	2.11	171.71	136.91	137.80	140.16	140.46	186.70	162.48	167.74
Belgium (46)	141.32	−0.3	112.56	113.49	115.06	112.40	−0.6	5.43	141.75	113.02	113.74	115.70	113.09	146.19	135.87	127.58
Canada (115)	124.32	−0.1	99.01	99.83	101.21	107.57	−0.3	3.41	124.40	99.19	99.82	101.54	107.92	142.12	124.32	138.93
Denmark (35)	231.99	−0.5	184.77	186.32	188.88	190.11	−0.7	1.87	233.21	185.94	187.15	190.36	191.50	273.94	226.81	242.25
Finland (15)	74.89	−1.4	59.64	60.14	60.97	67.09	−1.8	2.10	75.96	60.56	60.96	62.00	68.35	89.80	73.64	101.87
France (104)	159.03	−1.0	126.66	127.71	129.48	131.53	−1.3	3.55	160.68	128.11	128.93	131.14	133.27	168.75	148.06	128.10
Germany (65)	124.87	+0.0	99.45	100.29	101.66	101.66	−0.3	2.28	124.89	99.58	100.24	101.94	101.94	125.37	114.67	110.33
Hong Kong (55)	245.79	+0.6	195.76	197.39	200.12	244.12	+0.6	3.36	244.41	194.87	196.13	199.50	242.71	254.67	176.36	149.88
Ireland (16)	*158.45*	*−0.5*	*126.20*	*127.25*	*129.00*	*130.75*	*−0.8*	*4.15*	*159.31*	*127.02*	*127.84*	*130.03*	*131.81*	*173.71*	*151.78*	*143.79*
Italy (78)	70.56	+1.5	56.20	56.67	57.46	62.38	+1.1	3.36	69.50	55.41	55.77	56.73	61.67	80.86	68.39	74.32
Japan (473)	95.29	−2.4	75.89	76.52	77.59	76.52	−2.4	1.11	97.66	77.87	78.37	79.73	78.37	140.95	89.70	129.33
Malaysia (69)	238.51	−0.5	189.96	191.54	194.18	231.02	−0.5	2.71	239.73	191.14	192.37	195.67	232.30	250.18	212.49	235.63
Mexico (18)	1478.90	+2.3	1177.87	1187.71	1204.06	5040.64	+2.1	1.14	1446.03	1152.93	1160.40	1180.31	4935.14	1789.77	1376.91	1004.57
Netherland (25)	159.90	−0.4	127.36	128.42	130.19	128.74	−0.7	4.35	160.60	128.05	128.88	131.09	129.63	165.22	147.88	134.35
New Zealand (14)	46.54	−0.2	37.07	37.38	37.89	45.29	−0.4	5.00	46.65	37.19	37.43	38.08	45.48	48.52	42.01	47.60
Norway (23)	173.74	−1.8	138.38	139.53	141.46	144.50	−1.6	1.75	176.50	140.72	141.64	144.07	146.91	192.95	161.26	195.52
Singapore (38)	222.07	−0.6	176.87	178.35	180.80	165.79	−0.8	2.00	223.50	178.20	179.36	182.43	167.11	229.63	192.78	196.00
South Africa (61)	218.71	−7.1	174.19	175.64	178.06	182.99	−1.4	2.81	235.49	187.76	188.97	192.21	185.50	263.60	209.16	229.39
Spain (50)	153.57	−1.4	122.31	123.33	125.03	114.54	−1.7	5.33	155.77	124.20	125.00	127.14	116.47	161.72	146.86	149.38
Sweden (27)	*191.30*	*−0.2*	152.36	153.64	155.75	160.22	−0.3	2.36	191.66	152.81	153.81	156.44	160.73	200.28	173.09	188.73
Switzerland (63)	107.03	−1.1	85.24	85.96	87.15	93.89	−1.2	2.28	108.22	86.29	86.85	88.35	95.01	109.43	95.99	90.10
United Kingdom (227)	190.42	−1.2	151.66	152.91	155.02	151.68	−1.3	4.92	192.76	153.69	154.67	157.32	153.69	200.07	165.85	161.59
USA (522)	164.37	−0.1	130.91	132.01	133.83	164.37	−0.1	3.04	164.51	131.16	132.02	134.28	164.51	171.66	160.92	150.04
Europe (793)	151.93	−0.8	121.01	122.02	123.70	123.04	−1.0	3.86	153.12	122.08	122.88	124.99	124.24	156.88	139.31	132.53
Nordic (100)	175.69	−0.5	139.85	141.02	142.96	140.51	−0.6	2.13	176.42	140.66	141.57	144.00	141.39	188.52	169.66	182.06
Pacific Basin (718)	102.21	−2.1	81.40	82.09	83.22	83.15	−2.0	1.49	104.36	83.21	83.75	85.18	84.83	141.97	94.40	130.15
Euro - Pacific (1511)	122.30	−1.4	97.41	98.21	99.57	99.59	−1.5	2.72	124.07	98.92	99.55	101.26	101.08	145.21	113.80	131.42
North America (637)	161.86	−0.1	128.91	130.00	131.80	160.51	−0.1	3.06	161.99	129.16	130.01	132.25	160.66	169.69	158.70	149.27
Europe Ex. UK (566)	128.82	−0.5	102.60	103.48	104.90	106.45	−0.7	3.26	129.40	103.18	103.86	105.65	107.20	131.77	121.81	114.67
Pacific Ex. Japan (245)	170.22	+0.0	135.57	136.73	138.60	151.70	+0.2	3.53	170.22	135.72	136.62	138.96	151.47	175.31	149.00	198.01
World Ex. US (1705)	124.29	−1.5	98.99	99.82	101.19	101.97	−1.4	2.73	126.14	100.57	101.23	102.97	103.42	146.91	116.45	133.18
World Ex. UK (2000)	131.82	−0.9	104.99	105.87	107.33	118.07	−0.8	2.58	132.98	106.03	106.72	108.56	119.04	150.58	127.21	135.59
World Ex. So. Af. (2166)	136.35	−0.8	108.59	109.51	111.02	120.64	−0.9	2.85	137.49	109.62	110.34	112.23	121.69	153.05	130.04	137.28
World Ex. Japan (1754)	160.03	−0.4	127.45	128.53	130.31	146.97	−0.4	3.39	160.72	128.15	128.99	131.21	147.56	165.40	153.20	143.71
The World Index (2227)	136.87	−0.9	109.01	109.92	111.44	121.20	−0.9	2.85	138.13	110.13	110.85	112.75	122.27	153.70	130.66	137.87

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Constituent change with effect 23/6/92: Addition: Schindler (Reg.) (Switzerland). **Name change 22/6/92:** Eridania to Finanziaria Agroindustriale (Italy).